

January 10 1989  
to record

Austria	10000	10000	10000
Belgium	10000	10000	10000
Canada	10000	10000	10000
France	10000	10000	10000
Germany	10000	10000	10000
Italy	10000	10000	10000
Japan	10000	10000	10000
Spain	10000	10000	10000
UK	10000	10000	10000
USA	10000	10000	10000

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

NETHERLANDS  
The spectre of racial tension  
Page 2

No.30,740

Wednesday January 11 1989

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## World News

### Mexican oil union leader arrested

Mexican troops arrested Joaquin Hernandez Galicia, leader of the oil workers and the most powerful union boss in the country, in the first major assertion of authority by President Carlos Salinas de Gortari's Government. Page 2; Inflation slows, Page 4

### Crash investigation

Investigators into the British Midland air crash in central England on Sunday had found evidence of damage to only one of the stricken aircraft's two engines, British Transport Secretary Paul Channon told Parliament. Page 2

### Hitch in Afghan plan

Soviet ambassador Yuli Vorontsov said Moscow might keep its troops in Afghanistan beyond the February 15 deadline set in the Geneva peace accord, following failure to establish a broad-based government in Kabul. Background, Page 3

### Boon export moves

The West German Government announced proposals to tighten restrictions on exports of militarily sensitive goods, following controversy over illegal exports of nuclear technology and German companies' alleged role in construction of a Libyan chemical weapons plant. Page 2

### Cubans quit Angola

The first Cuban troops flew home out of 50,000 being withdrawn from Angola under recent accords with South Africa. Picture, Page 3

### Hungarian pull-out

Hungarian Defence Minister Ferenc Karpati said the Soviet Union would soon begin withdrawal of up to a quarter of its estimated 60,000 troops in the country. Political reforms delayed, Page 2

### Semtex trade ended

Czechoslovakia said it had stopped exporting Semtex, a plastic explosive Britain says is widely used by the Irish Republican Army and other guerrilla groups. Page 6

### Iran, Syria meet

The Syrian President and Iranian Deputy Foreign Minister held talks in Damascus, aimed at ending recent fighting between Syrian and Iranian-sponsored Lebanese Shia militias. Page 3

### Emergency to end

Sri Lanka's President Ranasinghe Premadasa said the country's five-year-old state of emergency would not be renewed when it expires on Sunday. Page 3

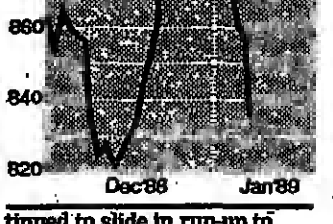
## Business Summary

### Sprinkel attacks policy on thrifts

PRESIDENT Reagan's chief economic adviser, Beryl Sprinkel, said Federal Savings and Loan Insurance Corporation was merely postponing the day of reckoning through recent private sector rescues of insolvent thrift institutions. Citing cost of restoring thrift industry to health at \$100bn, he also recommended reduction in scope of deposit insurance to encourage prudence among depositors. Page 4

### Cocoa

Other EC members are expected to press France for more information on deal under which Sucres et Denrees, French trade house, bought 400,000 tonnes of cocoa from Ivory Coast. Prices continued position futures (£ per tonne)



SAUDI Arabia reaffirmed its position as world's pre-eminent oil power with increase in estimate for recoverable crude oil reserves of 51 per cent to 252.38bn barrels at end of 1988 - more than double those of nearest rival, Iraq. Page 22

BATTLE for control of Moët Hennessy - Louis Vuitton (LVMH) France's leading champagne, cognac and luxury products group, is approaching climax following offer by group chairman Alain Chevalier to resign. Page 23; Lex, Page 22

JAPAN'S Economic Planning Agency annual economic forecast predicts GNP growth of 4 per cent in real terms and 6 per cent drop in trade surplus to \$88bn in fiscal year beginning April 1 1989. Page 3

GRAND Metropolitan, UK food, drinks and retailing group, announced it was in discussions with prospective purchasers of London Clubs, its gaming business, including casinos' own management. Page 23

SWEDISH Finance Minister Kjell-Olof Feldt presented first balanced budget since 1962. Key features include public sector wage increases of no more than 5 per cent and abolition of remaining foreign exchange controls. Page 2

AGEEC, depressed Belgian electrical engineering company controlled by Societe Generale de Belgique, announced sale of majority stake in its industrial controls business to CGE Alsthom, subsidiary of France's Compagnie Generale d'Electricite. Page 26

UNITED Distillers, spirits operation of UK's Guinness drinks group, has signed exclusive joint venture agreement with Jinnu, South Korea's largest spirits company, to distribute its Scotch whisky brands in Korea. Page 37

FRANCE agreed FF77bn (\$1.1bn) credit package for Algeria which could pave way for resolution of long-running dispute over price paid for supplies of Algerian gas to France. Page 4

## Gorbachev warns party of electoral responsibilities

MR Mikhail Gorbachev, the Soviet leader, yesterday launched the country's election process in earnest with a warning that the Communist Party could not rely on popular trust for ever, writes Quentin Peel in Moscow.

For the first time, the ruling party was to publish an election manifesto, seeking to justify its policies to electors, who would in turn be given a choice of candidates to vote for, he said.

Yet in the Central Committee itself, which yesterday was called on to nominate its own "golden list" of 100 party members for assured seats in the

new Congress of People's Deputies, Mr Gorbachev's ruling Politburo submitted only 100 names - apparently reneging on his commitment to a multi-candidate choice.

The suspicion among political analysts was that the Soviet leader made the move to ensure the selection of his closest supporters in the country's perestroika reform process.

The plenary meeting of the Central Committee marked the first major hurdle in the election programme, in which the nominations at grass roots level are already well under way.

Mr Gorbachev used the occasion to warn the top ranks of the ruling party that they too would have to justify themselves before the electors.

The leaders of all the Communist Parties in the 15 union republics will have to stand for election at home - and only the national leadership looks set to get guaranteed seats in the future super-parliament.

Mr Gorbachev warned that in the election process, which culminates in polling on March 26, "group egoism, ambition and political careerism" as well as exploitation of rising nationalism were in evidence.

The future Congress of People's Deputies will have 2,250 members, 750 elected from constituencies of equal population, 750 divided among the 15 republics, regardless of population, and 750 from "social organisations" such as the Communist Party itself.

The real power, however, will lie in the Supreme Soviet, a standing parliament to be elected from the members of the congress.

Mr Gorbachev presented both the party manifesto - as yet unpublished - and the list of 100 pre-selected candidates, who were chosen by the Politburo from 312 names sent to the Central Committee, winnowed down from 31,500 submitted by grassroots party organisations.

The Soviet leader said the Communist Party had to bear "the whole brunt of responsibility before Soviet society for the destiny of socialism and of the country."

He held a news conference that there would be no interruption in the Justice Department's work and that he was passing the task to the "very, very good hands" of Mr Benito Romano, one of his former deputies with wide experience tackling leaders of organised and white collar crime.

He refused to speculate on what he might do next.

Mr Giuliani said he was fulfilling a long-stated goal of moving on to other challenges and that he had achieved more as US Attorney for the city "than I ever anticipated." His legacy, he hoped, was "a somewhat more ethical and decent climate in business and politics."

His greatest successes in the business community came shortly before Christmas when Drexel Burnham Lambert, an investment bank, agreed to pay \$550m in penalties and plead guilty to six felonies.

The case grew out of the two-year investigation into the criminal activities of Mr Ivan Boesky, the takeover speculator.

Mr Giuliani, 44, asserted repeatedly that he and Mr Dennis Young, his deputy who is leaving with him as planned, did not know what they would do next.

He was bombarded with questions about seeking election as mayor of New York in November because public opinion polls show he has some of the strongest support of any potential candidate. "I haven't shut the door on running for mayor or any other possibility," he replied.

Public support is ebbing from Mayor Ed Koch who has struggled during his third term to root out corruption among politicians and city workers and to face mounting social problems.

Besides practising law with Mr Young, Mr Giuliani said he would continue to play a role in public life. "Nothing is more important in a democracy than serving the government - at least for me there's no better way."

Prosecutor may turn to politics, Page 22

## Prospect of GEC bid fades as STC wavers over joining Plessey

MR Nigel Lawson, the UK Chancellor, flew to Washington yesterday for what was officially described as a "brief private meeting" to discuss international matters with Mr Nicholas Brady, the US Treasury Secretary.

The meeting, the first of a series of bilateral meetings between Mr Brady and finance ministers from the US's major trading partners, could lower the chances of finance ministers and central bank governors of the Group of Seven major industrial nations holding a special session before their next scheduled gathering in April.

Mr Lawson, who left again for London in the evening to chair today's meeting of the National Economic Development Council, has long been cool towards an early G7 meeting.

In Bonn, where Mr Gerhard Stoltenberg, the West German Finance Minister, was preparing to travel to Washington to meet Mr Brady and other senior US officials today, the Finance Ministry said an early G7 meeting was not high on Mr Stoltenberg's agenda for this week's talks.

Although the US supports the idea of a G7 meeting shortly after the inauguration as president of Mr George Bush on January 20, Mr Brady, who will be Treasury Secretary in the Bush Administration, will soon have met three of his G7 counterparts.

Mr Tatsu Murayama, Japan's recently appointed Finance Minister, is due to visit Washington later this month.

While central banks have been intervening to brake a strong upwards movement by the US dollar in recent days, British Treasury officials stressed there was no element of crisis behind Mr Lawson's brief visit to the US. His trip, accompanied by Sir Peter Middleton, permanent secretary to the Treasury, had been arranged before Christmas.

Though nothing was said officially about the discussions, the visit to Washington will have given Mr Lawson a chance to judge how serious the incoming US Administration is in its intention to reduce the US Budget deficit. Immediately after Mr Bush's election, Mr Lawson made clear that he viewed the deficit as a major problem because it represented a drain on world savings.

Mr Lawson was also expected to ask Mr Brady what if any plans the US had for international economic co-operation. The Chancellor is a keen

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## Crusading New York City prosecutor resigns

MR Rudolph Giuliani resigned yesterday as New York City's federal prosecutor after a five-year crusade in which he won a string of convictions against many major criminals on Wall Street, in Mafia families, local political parties, unions and drug gangs.

He held a news conference that there would be no interruption in the Justice Department's work and that he was passing the task to the "very, very good hands" of Mr Benito Romano, one of his former deputies with wide experience tackling leaders of organised and white collar crime.

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## MARKETS

Sterden	New York	1.7630 (1.7740)
Ponabach Index		3178.40 (1.7835)
		DM3.2375 (3.2225)
		FF1.0225 (1.0275)
		FF2.7800 (2.7450)
		Y222.75 (223.00)
DOLLAR	New York	1.82725 (1.8205)
		FF2.2535 (2.19965)
		SP1.5670 (1.5570)
		Y122.30 (122.45)
INTEREST RATES	US	
Federal Funds	9 1/4 %	(9)
3-mth Treasury Bill	yield: 8.59% (8.54)	
Long Bond	95 (96 1/4)	
yield: 9.04% (9.02)		
London		
5-month interbank	close 13 1/4 % (13 1/2)	
	New York	
Correx Feb		\$405.4 (405.2)

## STOCK INDEXES

New York	2230
Dow Jones Ind. Av.	2,191.61 (-7.85)
S&P Comp	279.95 (-1.03)
FT-SE 100	1,598.0 (+4.5)
World:	
140.58 (Mon)	
Telco	
Nikkei Ave	
Frankfurt	
Commerzbank	
1,693.3 (+18.7)	
Osaka	
Brent 15-day (Argus)	
\$16.125 (-1.75) (Feb)	
West Tex Crude	
\$17.525 (-0.25) (Feb)	

## South Korea emerges as fully fledged economic giant

In 1988 South Korea had the fourth largest foreign debt in the developing world. Today, it is Asia's fastest growing newly industrialised country, now under the leadership of Roh Tae Woo (pictured left) Page 3

## Egypt: Very model of a joint venture success story

Technology: Artificial skin offers alternative to animal tests Page 10

## Management: Miaoion accomplished, or ignored?

Mergers-acquisitions: A new landscape takes shape Page 20

## Editorial comment: A new era for farming; A Balkan house of cards

UK economy: Three telling questions about inflation Page 21

## Financial Futures

Raw Materials	32
Stock Markets	41-44
Wall Street	47-48
International bonds	27-28
Capital Markets	27-28
Letters	21
Technology	10
Unit Trusts	24-27
Management	15
Money Markets	40
Weather	22
World Index	44

## ANZ Worldwide

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EUROPEAN NEWS

Bonn to extend militarily sensitive exports list

By David Goodhart in Bonn

THE West German Government yesterday announced proposals to extend the list of countries for which exports of militarily sensitive goods must receive special licence, and plans to apply export controls on chemicals to German citizens operating outside the country.

ogy to India, Pakistan and South Africa and German companies' alleged role in the construction of a Libyan chemical weapons plant at Rabta.

month. He also emphasised the "ambivalence" of many products, and ruled out sectoral bans.

improvement. Germany already had more effective controls than most countries.

appear to be more than cosmetic although they still may not go far enough for the US.

which countries will be included but Libya will presumably be one.

Four hurdles remain at conference on chemical weapons

By Edward Mortimer in Paris

FOUR MAIN issues were still being thrashed out last night in a last-minute attempt to reach an agreed statement for today's closing session of the Paris conference on chemical weapons.

wide ban, which is being negotiated at the UN Disarmament Conference in Geneva.

Nato move on CSCE deadlock

By Judy Dempsey in Vienna

NATO DIPLOMATS were trying last night to break the deadlock between Greece and Turkey over what area of the Balkans should be excluded from any future talks on reducing conventional weapons.

Swedish budget curbs pay in public sector

By Robert Taylor in Stockholm

PUBLIC SECTOR wage increases of no more than 5 per cent and the promise of abolition of Sweden's remaining foreign exchange controls are two of the most important proposals in the country's 1989 budget.

Mr Feltd added that other spending priorities would be measures to improve the environment, help handicapped people and prepare for the creation of the European Community's single internal market by 1992.

The Finance Ministry's own forecast suggests that wages will increase by 7 per cent this year and prices by just under 6 per cent.

There would not be second class citizens and political decisions should not override the wage bargaining system.

Fiat denies accusations over unions

By John Wyles in Rome

THE FIAT group yesterday flatly rejected "without foundation" allegations by the trade unions and the Italian Communist Party that it is systematically trampling on workers' rights to belong to a union.

Key devolution measures approved in Belgium

By Tim Dickson in Brussels

MR WILFRIED MARTENS, Belgium's evergreen Prime Minister, was yesterday celebrating the completion of another key stage in towards most devolved government.

There was palpable relief in government circles after Monday's overwhelming vote in Parliament enacting the so-called second phase of state reform - essentially the transfer of financial resources from the central to regional authorities.

Teachers learn lesson of spending cuts

By Sara Webb in Stockholm

WHEN Swedish children returned to school this week, few had expected that almost the first lesson they would learn was that the Finance Minister proposed to cut education spending in an effort to improve efficiency.

Protests erupt again in Montenegro

By Aleksandar Lebt in Belgrade

SOME 30,000 workers and students in Titograd, the capital of Montenegro, the smallest Yugoslav republic, staged a rally yesterday in a fresh effort to topple the local leadership.

Dutch economic pressures raise prospect of racial tension

The country's renowned tolerance of minorities is slowly ebbing away, writes Laura Raun in Amsterdam

IN A COUNTRY as reputed for tolerance as the Netherlands, ethnic minorities ought to be treated well and they are, in terms of welfare benefits.

Hit by austerity, sceptical Hungarians await political reform

By Leslie Colitt in Berlin

LAWs guaranteeing the rights of assembly and association, which will lay the foundation for contesting political parties, are expected to be approved by Hungary's Parliament, which began yesterday.

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OVERSEAS NEWS

Pakistan and Iran want Afghan deal, says Vorontsov

By Quentin Peel in Moscow. PAKISTAN and Iran are both in favour of a political settlement to end the Afghan civil war...

Tokyo expects economy to grow by 4%

By Ian Rodger in Tokyo

THE Japanese Government has committed itself to another year of strong domestic economic growth and efforts to reduce its bloated trade surpluses.

JAPAN SINCE THE PLAZA ACCORD table with columns for FY '86, 1987, 1988, 1989 and rows for Real GNP growth, Current account balance, Trade surplus.

The implication is that if, for example, an external economic slump started dragging down Japan's GNP growth...

that the process of reducing the trade balance has slowed because Japan's exports are picking up despite the high value of the yen...

Hirohito funeral to cost Y6.68bn

THE Japanese Government yesterday announced that it would allocate Y6.68bn (500m) for a funeral and mausoleum for the late Emperor Hirohito...

Another Y2.4bn will be spent on security during the funeral, to be held at Tokyo's 136-acre Shinto Gaien Imperial Gardens...

Takeshita for US

Mr Noboru Takeshita, Japan's Prime Minister is likely to visit the US early next month for talks with Mr George Bush...

HK watch-dog plan

Legislation to set up a new Securities and Futures Commission in Hong Kong as a watchdog for the colony's financial markets was approved yesterday...

China export record

Chinese exports were \$40.1bn in 1988, setting a record and exceeding official targets by several billion dollars...

Personal deposits up

Personal foreign exchange deposits in the Bank of China at end-1988 were \$1.2bn, up from \$640m a year earlier...

Taiwan investments

The Taiwanese government approved \$1.18bn of foreign investments last year, a 17 per cent drop from 1987...

Thai prices fall

Thailand's consumer price index, based on 1976, fell 0.2 per cent to 212.9 in December after a 0.3 per cent decline in November...

Bhutto to face heroin challenge

By Christina Lamb in Islamabad

MS BENAZIR Bhutto, Pakistan's new Prime Minister, yesterday arrived in Saudi Arabia for her first foreign trip since taking office early last month.



Cuban troops, part of the first contingent of 450 to be withdrawn from Angola, hoist Angolan children onto their shoulders at a farewell parade outside Lusitania...

Israeli MPs to meet PLO

By Andrew Whitely in Jerusalem

FOUR left-wing Israeli parliamentarians are to participate this week in an international conference on the Middle East, together with senior officials of the Palestine Liberation Organisation...

Lord Plumb, the visiting president of the European Parliament, he also complained about last year's bitter wrangle with the European Commission and Parliament over exports from the Israeli-occupied territories...

Sri Lankan state of emergency to end

By Anthony Robinson in Colombo

SRI LANKA'S five-and-a-half year state of emergency will be allowed to lapse when it expires next week and will not be reimposed, President J.R. Jayawardene said yesterday...

overthrow the government. The said the north and east Indian troops trying to end a Tamil separatist drive had taken the sting out of a rebel group continuing the campaign.

South African mining group rejects charges of union-bashing

By Anthony Robinson in Johannesburg

A LONG simmering dispute between the Anglo American Corporation, South Africa's biggest mining, industrial and financial group, and the Black National Union of Mineworkers (NUM) surfaced yesterday...

(since the three-week August 1987 mine strike) so that its practices are now regarded by the union as among the most repressive.

South Africa, controlled by Consolidated, he added. However the level of unionisation at the corporation's coal mines had dropped by about 10 per cent since the strike, he conceded.

the union and management must agree on a code of conduct to bring an end to the violence in which over 70 miners were killed in the 30 months up to and including the strike.

or form unions, to bargain collectively and strike peacefully, Anglo's counter document to the union accusations stated. But it added "for industrial peace to obtain all employees must also enjoy personal safety and the freedom to make individual choices".

South Korea emerges as fully fledged economic power

Maggie Ford reports on how the country is having to cope politically in order to cope with its economic status

IN THE dying days of December, the Seoul Government made two announcements which signalled the end of an era for South Korea, Asia's fastest growing newly industrialised country.

between Asia, including Japan, the Americas and Europe and the Middle East. A drive to increase economic links with the Eastern bloc and China is also producing results and trade with Australia, Indonesia and the Middle East, especially in raw materials, is likely to fuel the industrial boom.

Direct investment overseas by South Korean companies approved last year rose 34.6 per cent to \$490m from a year ago, the Bank of Korea reported yesterday, AP writes. Officials said more were being invested abroad because of South Korea's stronger currency and increasing wages.

South Korea Real GNP (% change) bar chart showing growth from 1983 to 1988.

South Korea Consumer price index (% change) bar chart showing inflation from 1986 to 1988.

harsh 40-year colonial period which ended in 1945 make South Koreans exceptionally wary of allowing Japanese companies to gain control over their economy.

The economic figures tell a story of an export-oriented industrial strategy that has worked. A current account surplus of \$1.6bn in 1986 increased to \$9.8bn the following year and in 1988 reached an estimated \$14bn. All three years have seen growth in gross national product of 12 per cent.

drive to democracy which started in 1987, the problems of managing a surplus economy which has moved beyond the development stage, and the need to react to international changes.

racy has highlighted imbalances which have arisen during the development stage, offering wide scope for public and private sector spending, while the high savings ratio allows the country to finance its own investment.

But unlike many countries in Asia, South Korea is trading an increasingly independent path in its relationship with its close and powerful neighbour, Japan. Much of the country's industry has been built on the transfer of foreign technology, especially from Japan. But memories of the

South Korea will hope to see a more equal relationship emerge, with more serious

This is the third in a series of articles examining the performance and prospects of East Asia's economies. Previous articles appeared on January 4 and 6.



AMERICAN NEWS

# Sprinkel attacks policy on thrifts

By Anthony Harris in Washington

PRESIDENT Reagan's chief economic adviser, Mr. Beryl Sprinkel, yesterday launched a strong attack on the Federal Savings and Loan Insurance Corporation for "postponing the day of reckoning" through its private-sector rescues of insolvent thrift institutions.

He also recommended that deposit insurance should cover less than 100 per cent of insured deposits to encourage prudence among depositors.

Mr. Sprinkel was presenting his final Economic Report of the President, which also contained an attack on the Federal Reserve for economic fine-tuning, and a restatement of his own monetarist faith. Mr. Sprinkel has until now been inhibited in his public statements by an understanding that the chief adviser would not criticise Administration policies.

In his press briefing Mr. Sprinkel put the cost of restoring the thrift industry to health at \$100bn, the highest figure yet admitted by an official spokesman, and said the US taxpayer would ultimately have to bear much of this cost. However, Mr. Danny Wall,

the FSILIC chairman, who was appearing before the House Banking Committee, claimed that the private sector deals would save the taxpayer money. He said his agency rescued 76 institutions in December at a cost of \$16.5bn to be spread over 10 years; tax benefits arising from the deals would cost an additional \$4bn over 10 years.

The alternative - liquidating the S&Ls - would have required \$47bn in "up-front cash", far more than was available to the Fed, he said. He urged Congress to put the "full faith and credit" of the US Government behind the promissory notes which FSILIC has issued to finance its operations.

Mr. Sprinkel's proposal to limit the coverage of Federal deposit insurance has some support in Congress but is strongly opposed by Mr. William Steidman, chairman of the Federal Deposit Insurance Corporation, who argues that depositors cannot be expected to make judgments which official supervisors have failed to make despite better information.

# El Salvador guerrillas to halt fear campaign

By Tim Coone in Managua

A CAMPAIGN of intimidation against mayors of the right-wing town party in El Salvador, has apparently been called off by the FMLN guerrilla organisation following renewed death threats against left-wing leaders.

The clandestine guerrilla radio station Radio Concuerda in a brief announcement at the weekend stated that the campaign was not to be continued and that the mayors who had resigned or fled their towns, would be allowed to return to their posts.

Three new right-wing death squads made their appearance last week, with the announcement that they intended to "kill a communist leader for every mayor that is forced to resign by the FMLN".

Their hit list of targets is headed by Dr. Guillermo Ungo, the presidential candidate for the centre-left opposition party Convergencia Democrática (CD), and Dr. Ruben Zamora another of the CD leaders.

Both are former Christian Democrats and although founding members of the Revolutionary Democratic Front (RDF), an independent political wing of the FMLN, they have publicly distanced themselves from recent military actions by the FMLN such as the recent car-bombings in the capital and the threats against the mayors.

Dr. Zamora said: "We have called on both sides to respect human rights and to not extend the war to the civilian population. We are opposed to the use of car bombs, the threats against the mayors and the attacks against offices of political parties of whatever tendency."

The majority of municipalities throughout the country are controlled by the right-wing Arena party. Eight Arena mayors were killed by the FMLN at the end of last year, which prompted a wave of resignations by other mayors. The FMLN claims the mayors were actively involved with paramilitary groupings in identifying local opposition figures who are later assassinated.

Last weekend a series of bombs planted by FMLN commandos exploded in the eastern city of San Miguel.

# Mexico's rate of inflation falls by two thirds in 1988

By Richard Johns in Mexico City

MEXICO'S rate of inflation as measured by the official Consumer Price Index fell to 51.7 per cent last year compared with the high of 159.2 per cent recorded in 1987.

Official satisfaction about the success of the Economic Solidarity Pact in achieving the reduction was qualified by the fact that the index showed a 2.1 per cent rise in December, continuing the upward trend since the low point of 0.6 per cent in September.

The outcome for 1988 compared with the original projection for the year of 70 per cent and the lower objective of 50 per cent set when the austerity measures of Mexico's stabilisation programme began to bite.

The Bank of Mexico attributed the increase last month to higher prices for milk, fruit and vegetables, as well as rent and hotel accommodation.

For 1989 an annual 18 per cent inflation rate has been projected for the year. As a target it looks as if it could be difficult to achieve because of growing labour discontent over wage restraint and business community leaders' complaints about the exposure of profit margins through higher public service costs. For business, a 2 per cent tax on assets has been a particular grievance.

Under the Programme for Stability and Growth - as the pact reached by the government, business organisations and union bosses was renamed when President Carlos Salinas de Gortari assumed power last month - an 8 per cent rise in the minimum wage and voluntary maintenance of prices were agreed.

Civil servants who demanded a doubling of salaries settled for 10 per cent but other settlements reached in collective bargaining failed to exceed that significantly. Workers in in-bond maquila

dora industries for instance obtained 25 per cent.

As part of an attempt to front out price distortions and eliminate shortages, the main burden imposed on consumers will be a rise in milk prices of 27 per cent.

They have been exempted from any rise in electricity charges. For commercial users however, rates have gone up by 31.6 per cent to 38.6 per cent for oil.

Other rises include 37.5 per cent for natural gas, 51.4 per cent for asphalt and 31.3 per cent for fertilisers manufactured by the state-owned Fertimex. Employers' contributions to social security have also been raised.

With business leaders arguing that they cannot absorb such extra costs and the labour movement dissatisfied with wage restraint, there is a danger that the renewed pact could fall apart.

# Argentina fails to stop Falklands ferry

By Rory MacLeod in Stanley

THE Falklands Islands is this week set to re-establish transport links with the South American mainland through a roll-on roll-off ferry, despite diplomatic opposition from Argentina.

Comments from the Foreign Minister and Vice-Minister of Transport in Uruguay yesterday that they would not allow the vessel into their port at the capital Montevideo seem to have been largely ignored by the vessel's owners.

The French-built vessel, Indama 1, purchased from Italian interests by a consortium calling itself Indiantamar SA, arrived in Stanley harbour last week and will sail for Uruguay tomorrow.

The ferry will run a service dependent on demand between Montevideo, Stanley, and the southern Chilean port of Punta Arenas, but is primarily designed to provide a supply ship for the \$300m-a-year Falklands fishing industry.

Argentina has applied pressure to Uruguay and Chile to prevent the vessel running, but the owners - a consortium of joint ventures from the UK, Japanese, French, Taiwanese, South Korean and Spanish companies - said they would push ahead.

"This is an international commercial venture, which can go anywhere in the world," said Mr Graham Botrel, manager of the vessel, and representative of J Marit (Vessel Management) of Hull.

# Brazil car output up sharply

By John Barham in São Paulo

BRAZIL'S motor industry had one of its best years in 1988, with production rising 29 per cent to 1.97m units. The industry says strong domestic demand compensated for an increasingly difficult export market.

Consumers frightened by hyper-inflation invested money in tangible assets. Car prices rose by over 1,000 per cent last year, compared with

an inflation rate of 934 per cent. Even so, car sales rose by one-third.

The figures show the industry is recovering strongly from a recession at the beginning of the decade. In 1981, output fell by a third to 780,000 units.

The 12 car, truck and bus manufacturers complain, though, that domestic sales are still far below previous levels. In 1979, domestic sales

accounted for 90 per cent of output. Now the local market buys 70 per cent.

Autava, the motor industry trade association, said exports rose 15 per cent in 1988 to a record \$3.18bn. However, it said Brazil was pricing itself out of the market. An Autava official said the Brazilian cruzado was 30 per cent overvalued, making exports more expensive.

# Bankers expect slowdown in Brazilian debt conversion

By John Barham

FOREIGN bankers are already resigned to a sharp slowdown in Brazil's debt conversion mechanisms. Government officials have told bankers they will not disburse any cruzados bought through debt conversion in the first quarter.

A British banker said the Government's New Year's resolution was to control the money supply. The 1988 inflation rate was 934 per cent.

The central bank's first target is the \$1.8bn (13bn) re-lending programme, one of the Government's investment options included in the September foreign debt restructuring package. Re-lending allows banks to draw down some of their funds blocked at the central bank and re-lend them to domestic borrowers.

So far, 416 foreign banks have applied for re-lending rights totalling \$2.1bn, more than double the \$950m ceiling

for the first half of the year.

Mr Armin Lore, the central bank's international director, told foreign bankers that re-lending rights "would not be granted immediately" after their formal approval. The central bank has already reduced the amount to be released by 25 per cent to \$1.25bn.

Bankers admit that the central bank could delay its formal assent substantially by increasing the already heavy burden of red tape. The Government's commitment to tougher monetary discipline this year casts further doubt on the future of the monthly \$150m debt-to-equity conversion auctions.

Other conversion mechanisms are due to begin operation this year. Banks are likely to put up a harder fight to keep their \$250m manufacturing scheme which begins in September.

# Chile drops cases against press but plans tougher restrictions

By Barbara Durr in Santiago

THE Chilean Government is to drop all cases in civilian courts against journalists, but it has drafted a press law that would tighten restrictions.

According to government figures, 28 press cases in civilian courts affecting 40 journalists, will be dropped. The Government also announced that in cases against journalists being heard in military courts, it would "make its best efforts to see that these come to a rapid close."

The Chilean Journalists Association said all the cases, including those in military courts, should be dropped and that it would consider the press was still being persecuted until they were. The association says there are still 27 cases being processed through military courts, affecting 18 journalists.

Mr Emilio Filippi, of the main opposition daily newspaper La Epoca, said any legislation of this type by the Government was positive, but he added: "As long as the laws and executive decrees that

# Chile drops cases against press but plans tougher restrictions

restrict press freedom remain on the books, we are always in danger."

The Government is considering a fresh press law that would impose stiff fines and prison terms for publication of information or opinions that "induce violence or a serious disturbance of the public order." It would also treat as punishable news regarded as causing harm to national security and the country's economy or that would damage the "dignity, credit, reputation or interests of people or corporations."

In a recent editorial, Mr Filippi's newspaper said the law caused "the justifiable concern of the press given the Government's decision to legislate so aggressively against it." The newspaper said such laws should be repealed by a future democratic government.

Mr Filippi himself faced charges in a civilian court for having published a paid advertisement for the Communist Party in 1987. Four other journalists faced the same charge. The press in Chile was pro-

hibited from publishing statements, interviews or other information from illegal political groups while the country was in a state of emergency. Under Article 8 of the controversial 1980 constitution, any group advocating class conflict, (for which, read Marxism) is illegal.

The state of emergency was lifted last August, but laws complementing Article 8 leave the prohibition in place, Mr Filippi said.

It is also illegal to publish articles considered offensive to the regime. In one of the most celebrated cases, Mr Juan Pablo Cardenas, director of the magazine Analisis, was condemned in 1966 to night-time imprisonment for 541 days for writing a series of editorials criticising General Augusto Pinochet. Mr Cardenas completed his sentence a few months ago.

Last month, the Chilean press was collectively awarded the Inter-American Press Association's 1988 prize for distinguished public service.

WORLD TRADE NEWS

# France agrees FF7bn credit for Algeria

By George Graham in Paris

FRANCE HAS agreed to a FF7bn (€636m) credit package for Algeria which is expected to open the way to solving the long-running conflict between the two countries over their natural gas supply contract.

The two governments are expected to sign a protocol in the next few days loosening the conditions on an existing FF3bn credit line, which has never in fact been used, and agreeing to a FF7bn concessional finance package from France.

The financial negotiations, concluded by senior officials over the weekend, have been carefully separated in theory from the two-year dispute between Gafco, France's French state gas utility, and Sonatrach, the Algerian natural gas supplier, over the price to be paid for supplies of Algerian gas to France.

In practice, however, the FF7bn financial aid helps considerably the prospects of an agreement on gas supplies, and talks between the two energy companies are due to resume today.

It is not clear, however, that

# US plan for \$250m chip factory in Italy

By John Wyles in Rome

THE Abruzzo region of southern Italy scored a notable foreign investment coup yesterday when Texas Instruments announced plans to build a \$250m manufacturing centre for 4-megabit dynamic random access memories (drams) and other advanced semiconductors.

The investment is the largest ever made by the US company outside America and Japan, and will create about 650 jobs.

The manufacturer's plant at Avezzano, about 100 miles east of Rome, is due to begin production of wafers for Metal Oxide Semiconductor (MOS) integrated circuits by the end of next year.

Mr Roberto Schisano, managing director of Texas Instruments Italia, yesterday presented the decision as a coup for Italy and a potential development leap for the Mezzogiorno.

The company's plant at Rieti, 60 miles north-west of Avezzano, had become its European centre for the assembly and testing of memory chips, and the proximity of the new plant would be very advantageous.

TI claims that the Avezzano project will complete a network of European manufacturing centres which currently includes manufacturing facilities in West Germany, Portugal, the UK and France.

Following the mid-1980's price collapse and subsequent shake-out among manufacturers of direct random access memories, TI is one of only two remaining US producers of this kind of chip.

Schisano said TI's two existing plants in Italy - the other is near Caserta - had demonstrated how the country's South could compete with the rest of Europe "if appropriately stimulated and guided."

He made it clear that the package of financial incentives available to companies setting up in the South had been a powerful influence on TI's final decision.

Mr Remo Gaspari, the Italian Minister for the Mezzogiorno, made no attempt to hide his satisfaction about this notable foreign investment coup - the Christian Democrat Minister himself is a man of the Abruzzo.

# Very model of an Egyptian success story

Chloride joint venture has reputation for output and efficiency, Tony Walker writes

TEN YEARS ago Sir Michael Edwards - who was then head of the UK battery maker, Chloride - promised President Anwar Sadat that his company would consider investing in Egypt. Neither could have foreseen that the resulting joint venture would become a model Egyptian success story.

Helped by an import ban imposed in 1985, Chloride has secured 50 per cent of the Egyptian market for car batteries. It has also begun exporting 5-10 per cent of production, some to the UK.

Its plant in the desert, 30km north of Cairo, has a reputation for productivity increases, cost efficiency and good labour relations.

Mr Neil Bright, general manager of Chloride Egypt, says a measure of the company's success is that it is testing the limit of its plant's capacity - 850,000 batteries a year - without taking on more labour.

When production started in 1982 at the rate of 100,000 batteries a year, 400 workers were seconded from Chloride's joint venture with the Egyptian General Company for Batteries (GenBat). Today, the project has about the same number of workers and there has been almost no turnover in the labour force.

TI claims that the Avezzano project will complete a network of European manufacturing centres which currently includes manufacturing facilities in West Germany, Portugal, the UK and France.

# Helped by an import ban, Chloride has secured 50 per cent of the Egyptian market for car batteries. It has also begun exporting 5-10 per cent of production, some to the UK.

Mr Bright, who previously headed Chloride's Singapore operation, said that with proper incentives - Chloride workers are among the country's highest paid - productivity matches the Far East.

The main difference in doing business in Egypt, he says, is the degree of bureaucratic interference.

In Egypt, red tape threatens to ensnare enterprises at almost all levels of activity. "Singapore was the opposite," said Mr Bright. "I don't think I spoke to a government official in six years."

He cites the example of the company's decision to sell one of its older cars recently. Under complex procedures, the local Chloride board had to approve the deal and Mr Bright had to go personally to offices of the government authority responsible for industry.

"The system," he observes, "is time-wasting, frustrating and highly bureaucratic. But if one perseveres and is not deflected and begins to understand the system and work with it, it can succeed."

One problem has been lack of a unified foreign investment law, but that is about to change with introduction of streamlined regulations to improve the climate for investors.

# Chloride's success in a difficult environment seems due to its experience in setting up Third World ventures, product quality - and luck.

In the two years before import restrictions, the company lost money due to competition from cheap imports from the Far East. Egypt's balance of payments crisis then forced a ban on many items that could be made locally, including car batteries.

In 1986-87 and 1987-88, Chloride Egypt returned to profitability. Earnings in the present financial year to March 1989 are expected to match the E£4m profit on turnover of E£36m last year.

Chloride of the UK owns 52 per cent of the "Law 43" company - the Sadat "open door" licence from Varta of West Germany and Prestolite of the US.

Unlike its competitors, Chloride pays commercial rates for power and fuel. Chloride outsells its competitors, even though its prices are on average 15 per cent higher. Its batteries in Egypt sell for about the same as equivalent units in the UK.

The UK company is constrained from extending its dominance of the Egyptian market. Mr Bright describes Chloride's market position as "mature" and observes that to take more would be an "affront to the government."

Apart from trying to export more, the company moving into production of industrial batteries - value added is much greater on these units than car batteries - for use in telecommunications, irrigation and the railways. It is licensed to produce 25,000 of these units a year for local and export markets.

Mr Bright believes his plant is capable of producing 600,000-800,000 car batteries a year, well beyond its planned capacity. Chloride is thinking of operating the factory round-the-clock; now, it is restricted to two eight-hour shifts.

# Chloride's success in a difficult environment seems due to its experience in setting up Third World ventures, product quality - and luck.

Prices increases in the past few years have been held to about 10 per cent a year while inflation is running at 25-30 per cent. This has been achieved despite the rapidly depreciating Egyptian pound and the fact that almost all raw materials, including rubber, lead and polypropylene, are imported.

Chloride's main competitors are the Egyptian and National Plastics public sector companies manufacturing under

# Sweden takes anti-dumping action by US to Gatt

By William Dufforce in Geneva

SWEDEN HAS asked the General Agreement on Tariffs and Trade to adjudicate its complaint against anti-dumping duties imposed by the US on imports of Swedish stainless steel products.

A special meeting of the Gatt anti-dumping committee has been called for next Monday at which the Swedes will ask for the setting-up of a disputes panel.

The US slapped a duty of 26.6 per cent on imports of stainless seamless pipes and tubes from Sandvik AB in 1987 after six US specialty steel companies complained to the Department of Commerce in October, 1986 that their business was being injured by dumped imports from Swedish stainless steel producers.

Sweden claims the investiga-

# Sweden takes anti-dumping action by US to Gatt

tion by the US International Trade Commission showed no significant price undercutting by Sandvik and no significant increase in dumped imports. Attempts to come to an understanding with the US have failed, the Swedes now say.

In its original investigation, which covered imports from other Swedish producers as well as Sandvik, the ITC claimed to have found evidence of "consistent underpricing".

According to the Swedes, the ITC found only seven cases of price cutting over three and a half years.

Imports from Sweden accounted for 17.9 per cent of US consumption of stainless seamless pipes in 1986 and 16.3 per cent in the first half of 1987, the Swedes say.

# Honda looks to Rover for growth in Europe

By Ian Rodger in Tokyo

THE FUTURE of Honda Motor, Japan's third largest motor group, in Europe is dependent on the success of the company's co-operation with the UK's Rover Group, Honda directors indicated yesterday.

"Our strategy in Europe is based entirely on closer ties with Rover," Mr Tetsuo Chino, senior managing director, said at the company's annual press conference.

Mr Tadashi Kume, the company's president, spoke in similar vein in response to question about Honda's plans in Europe.

"The key to what we do in Europe is the success of Concerto production by Rover this year, so we are concentrating all our energies on that."

"If it is successful, we will seek further to strengthen our relations with Rover."

These statements are prob-

# Honda looks to Rover for growth in Europe

ably the strongest ever made by Honda directors about the company's relationship with Rover.

Last March, when it was announced that Rover was being taken over by British Aerospace, they were noticeably reticent on comment.

Mr Chino made clear that yesterday's statements should not be taken simply as a pep talk to the Rover workers who would produce the Concerto.

"This is the new model that the two companies have developed jointly and which will begin production at Rover's Longbridge plant later this year."

Up to now, Honda's position in the European market has been relatively weak, and it is counting on the Concerto and a drive to improve its dealer network in continental Europe

# Honda looks to Rover for growth in Europe

to raise its market share.

Mr Chino said Honda sells about 120,000 units in European Community countries, but the UK is by far its strongest market. In Continental Europe, it sells about 80,000 units.

Honda plans to export to continental Europe about 70 per cent of the 40,000 Concertos a year that Rover will begin producing in the autumn, and hopes that these cars will add to its existing sales base, not simply replace other models.

EC content in the cars will be over 80 per cent from the outset, Mr Chino said, mainly because they will be fitted with engines manufactured at Honda's new plant at Swindon, Wilts, which will also begin production later this year.

Honda's press conference occurred only an hour or so before Japan's Ministry of

# Honda looks to Rover for growth in Europe

International Trade and Industry announced that it was extending for another year the voluntary restraint agreement (VRA) with the US under which Japanese car exports are restricted to 2.3m units.

Mr Kume said he did not think the VRA was desirable and "whether or not it was abolished, we do not expect any change in our exports to the US."

Honda startled many analysts last year when it became the first Japanese car maker to import cars into Japan from its factory in the US.

Mr Kume said he thought the level of these imports this year would remain at a level similar to last year's 4,600 units because of capacity restraints in the US.

However, the company was expanding its US plant capacity and "by 1991-92, we hope

# Honda looks to Rover for growth in Europe

that 50,000 of the 800,000 cars we want to sell in the home market will be imported from the US."

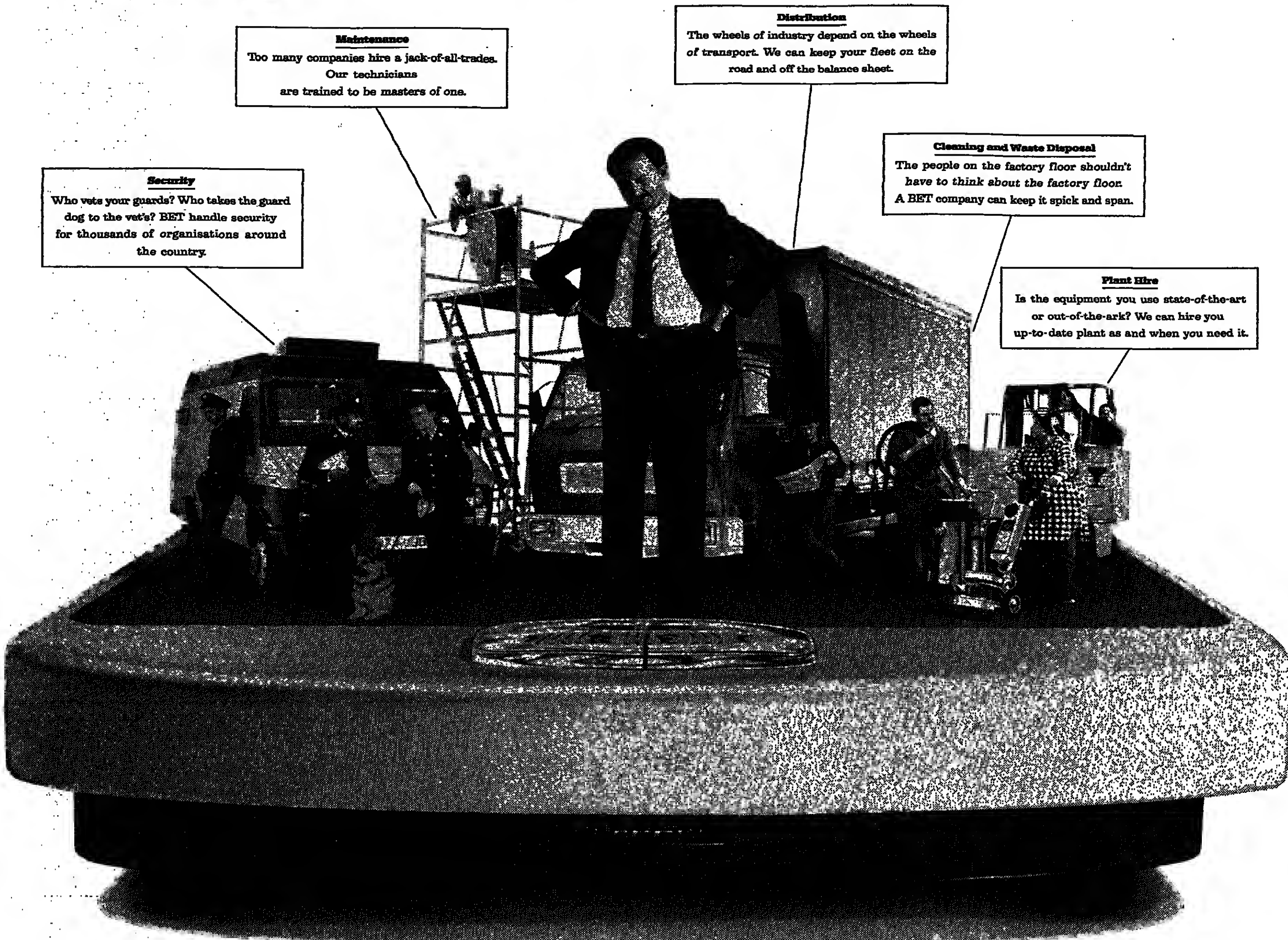
Kevin Dune, Motor Industry Correspondent writes: The indication from Honda that it will consider further co-operation projects with Rover will be welcomed by the UK car maker, which has become largely dependent on collaborative deals with Honda to support its crucial new model development programme.

Both its current Rover 800 executive car range, launched in 1986, and its new medium-sized car, code-named the R3, which is due for launch later this year, have resulted from joint development.

The Honda production volumes represent a welcome addition for Rover, in making better use of its own under-utilised production capacities.



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## UK NEWS

## Semtex no longer exported say Czechs

By Edward Mortimer  
in Paris

CZECHOSLOVAKIA has stopped exporting Semtex explosive and is eager to work closely with Britain, at both the political and technical levels, on ways of making such high explosives identifiable.

That assurance was given yesterday by Mr Jaromir Jihlanec, the Czech Foreign Minister, to Mr William Waldegrave, British Foreign Office Minister, at a meeting in Paris yesterday.

Both ministers have been attending the Paris conference on chemical weapons, which is due to end today.

Czechoslovak experts are expected to arrive in Britain today to help investigate the cause of the Pan Am airliner crash at Lockerbie, just before Christmas. This is believed to have been caused by an explosive device using Semtex.

The explosive is also known to have been used on many occasions by the Irish Republican Army.

Mr Waldegrave, who described yesterday's meeting as "positive", emphasised that Britain had never accused Czechoslovakia of supplying terrorist organisations directly. Both governments were opposed to terrorism, he said.

However, Czechoslovakia had exported Semtex in the past and Libya had supplied a very large quantity to the IRA. He therefore regarded as "helpful" Mr Jihlanec's assurance that the Czech government had not exported it "for some time".

He added that Britain could "see sense" in the proposal put forward last week by the Czech Government for an international convention on the manufacture of high explosives, and "was looking at it positively".

The only problem, he said, was that such a convention might take a long time to negotiate.

He was, therefore, pleased that Mr Jihlanec had made it clear that the proposal was not intended as a delaying tactic, and that Czechoslovakia was willing to work directly with Britain on practical ways of dealing with the issue.

## Jaguar strike 'likely' as pay deal rejected

By Richard Tomkins, Midlands Correspondent

MANUAL workers at Jaguar, luxury car-maker hit by slow US sales and a weak dollar, have overwhelmingly rejected a final pay offer from the company worth a little more than 4 per cent a year during the period of a two-year deal.

Just over 70 per cent of 7,577 workers who voted in the secret workplace ballot on Monday were against accepting the offer and 2,378 were in favour.

Unions and management now look set for a course of confrontation.

Mr John Allen, West Midlands divisional organiser of the Amalgamated Union of Engineering Workers, said shop stewards would meet to consider a further ballot on industrial action.

"The delegate conference will undoubtedly recommend a vote in favour of industrial action," he said.

"It would be bound to be a withdrawal of labour. It could be of a full or partial nature, but whichever it was, it would undoubtedly be very damaging both to the company and that part of the economy which is dependent on it."

Jaguar refused to comment yesterday, but Mr Michael Beasley, the company's assistant managing director, had

made it clear immediately before Monday's ballot that the offer would not be improved.

"If there is a vote on Monday to reject the proposals or a further vote for industrial action, this will not change that fact," he said.

Jaguar has argued consistently through four months of intermittent wrangling over the pay offer that it cannot afford a generous deal because poor US sales caused by the weakness of the dollar have sent profits reeling.

It had hoped that workers would be prepared to tighten their belts to see the company through a period of hardship. But the unions say a per cent a year will mean too great a drop in living standards in the face of inflation.

Mr Tony Russell, the engineering workers' convenor at Jaguar's Browns Lane assembly plant in Coventry, in the Midlands, said last Friday's news of the 15 per cent pay award to Nissan's workers in Tyne and Wear, north-east England, was also decisive.

"We realise we are on better money than Nissan, but a lot of people are looking at the rising costs of mortgages and... thinking that 15 per cent is considerably more than we've been offered."

## Bank wins freeze on Koskotas' UK assets

By Raymond Hughes, Law Courts Correspondent

THE BANK of Crete has been granted a High Court order in London freezing assets of Mr George Koskotas, its former chairman.

The order prevents Mr Koskotas and his brother Stavros from disposing of up to £34m of their own assets or those beneficially owned by, or in the name of, Meditran International, a Luxembourg company, or Greek Investment Company.

Fraud charges filed in Greece last October against Mr George Koskotas, a self-made banker and press baron closely associated with Pasok, the Greek Socialist party, led to rumours and allegations of financial corruption involving the government led by Mr Andreas Papandreu.

Mr Andrew Nitch-Smith, a partner in Denton Hall Burgin & Warrens, Bank of Crete's London solicitor, said yesterday that the freezing order had been made in private last Thursday by Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, the senior judge of the High Court Chancery Division.

On the same day the bank had issued a writ claiming damages against the Koskotas brothers. The writ alleges that the brothers diverted, misappropriated and misapplied funds and accuses them of breach of trust and breach of duty as directors of the bank.

Notice of the order has been given to 10 leading London banks which have been asked to say if they hold any of the relevant assets.

The Bank of Crete expects to return to court to seek further orders next week, Mr Nitch-Smith said.

The Koskotas have been given liberty to apply to the court to vary or discharge the freezing order.

Mr George Koskotas, charged in Greece with embezzling more than £120m, fled the country. He was arrested in the US and is at present in jail in Salem, Massachusetts, awaiting extradition proceedings being launched by the Greek government.

Draft licences set out energy pricing policy after privatisation  
Pledge to electricity consumers

By Max Wilkinson, Natural Resources Editor

THE 250 pages of draft licences for the electricity industry will open up the industry for competition after privatisation and protect consumers, Mr Michael Spicer, Energy Minister, claimed.

However, the detailed and complex proposals were immediately attacked by Mr Tony Blair, Labour energy spokesman, as failing to give adequate protection to the 22m electricity consumers and failing to give the industry enough incentive to promote energy conservation.

Mr Blair claimed the licences represented a "big fix" in which the effectiveness of formulae for maximum price rises were in inverse proportion to their complexity, and he said many important details of the formulae remained to be decided.

The four sets of licences for different parts of the industry include three separate formulae for limiting prices to final consumers in the regulated domestic and commercial sectors, the prices for transmission of power across the national grid, and prices for distributing power in lower voltage local networks.

Mr Cecil Parkinson, Energy Secretary, strongly defended his forecast that the electricity industry will need to invest £40bn by the beginning of the next century to meet expected demand, writes Philip Stephens.

He also indicated that the Government is considering raising the target rates of return on capital which it sets for nationalised industries. Mr Parkinson said that in the late 1970s, the Labour Government had set the rate at 5 per cent, but it was now felt that 8 per cent was a better target.

Speaking during a contentious start to the Committee stage of the Electricity Bill, Mr Parkinson said the investment figure was a realistic estimate of likely spending - measured in the prices expected to prevail by 2000.

In 1987 prices, investment in new capacity was likely to total around £18bn, to which would have to be added a further £1.8bn for investment in the distribution grid.

The estimate, first cited by the Government in 1987 as a key factor in its decision to implement a 15 per cent rise in electricity prices over last year and this, was strongly attacked by Mr Tony Blair, Labour's energy spokesman.

Mr Blair said that published reports by independent consultants showed that the £40bn figure was a serious over-estimate of likely investment needs.

The Government therefore should reverse the 15 per cent price rise and should commission an independent report to assess accurately the likely level of capital spending.

The Labour spokesman added that the two different figures given by Mr Parkinson suggested a sharp and sustained rise in the inflation rate every year.

The formulae allow prices to rise by the inflation rate less a few percentage points to insure efficiency.

Average increases in generation, transmission and distribution costs and a nuclear levy will also be passed to consumers.

One of the main thrusts of all three licences is to separate the cost of generating electricity from the cost of transmission and distribution to final consumers.

Mr Parkinson said that the Government was committed to the powers of the central grid to supervise the running order of all larger power stations ("central despatch").

consumers.

By making transmission and distribution charges as open as possible and requiring tariff structures to reflect costs and a reasonable return on capital, the Government hopes to open up the network to new competitors.

A special form of licence has been drafted to promote competition in the supply of large users of electricity.

This puts minimum restrictions on the supplier's prices or obligation to maintain supplies when power is short. These factors can be negotiated freely by any consumer which opts to enter the wholesale market.

"Customers will be able to strike contracts with the generator of their choice," Mr Spicer said.

"Large customers will particularly welcome this provision, but smaller customers will also benefit from the competitive pressure it will put on suppliers."

The licences also set out the powers of the central grid to supervise the running order of all larger power stations ("central despatch").

## New issues market in 1988 remains active

By Philip Coggan

THE UK new issue market was active in 1988 in spite of the aura of lethargy that surrounded the London equity market.

A survey published by accountants Peat Marwick McLintock reveals that 192 companies joined the main and unlisted securities markets last year - only slightly fewer than the totals of 201 in 1987 and 204 in 1986, the days of the bull market.

The survey shows that smaller companies were responsible for maintaining last year's new issue momentum, with the number of companies joining the unlisted securities market rising to 88 from 72 in 1987. By contrast, the number of main market issues fell to 104 last year from 129 in 1987.

The total raised by new issues was down at £3,772m from £5,018m in 1987 and £3,962m in 1986. (Peat Marwick assumes that privatisation issues such as British Steel are fully paid on Day One.)

The average amount of money raised per issue fell slightly from £25m in 1987 to £26m last year. Excluding those privatisation issues which raised over £1m, the average new issue raised just £12m last year, against an average of £19m in 1987 and £27m in 1988.

If the figures are adjusted to reflect the partly paid nature of the privatisations, 1988's total - which included instalments on British Gas and BAA - was still down to £4.8bn, against £6.4bn in 1987 and £6bn in 1986.

## No early judgment due on terror powers

By Charles Hodgson

CHANGES in police powers to detain terrorist suspects in response to recent objections by the European Court of Human Rights look certain not to be included in the new Prevention of Terrorism Bill.

Mr Douglas Hogg, the junior Home Office minister, told MPs yesterday there was "little prospect of the Government's final response to the (European court) judgment being available before the Bill is through Parliament."

The Strasbourg-based court ruled in November that denying terrorist suspects prompt access to a court early in their detention breached the European Convention on Human Rights.

Mr Douglas Hurd, the Home Secretary, told the House of Commons shortly after that the Government would bring forward amendments to the Bill to respond to the court ruling before the legislation left the House.

He announced late last month that the Government had sought a temporary derogation - non-compliance with the ruling - as provided for in

the convention, in respect of police powers of detention under anti-terrorism laws while still studying whether some form of judicial review could be introduced.

Yesterday's further announcement brought an angry response from opposition Labour MPs who insisted the Government had undertaken to bring forward proposals to respond to the court ruling before the Bill left the Commons.

They fear that the Government intends to make the derogation permanent.

Mr Harry Sherman, a Labour Home Affairs spokesman, said it was "irritating" for the Government to expect Parliament to pass a Bill which continued the controversial powers of detention without knowing what sort of subsequent changes might be introduced, and when.

Mr Hogg said that while the Government wished to introduce some form of judicial review into the procedure for extending detention, "complicated and wide-ranging issues" remained to be resolved.

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- 2) The sealed bids for the above requirement must reach us by mail or must be handed to our commission at the Supply Department of General Directorate of Turkish State Railways (TCDD) no later than Tuesday, February 21st, 1989, 15.00 hours.
- 3) The related tender documents are available at our cashiers at General Directorate of Turkish State Railways (TCDD) in Ankara, with a price of 50,000.-TL. (incl. KD.V)
- 4) The subject of the bid shall be inscribed on the bid envelopes.
- 5) A bid bond at the rate of 2.5% of the total bid value shall be submitted together with the bids.
- 6) TCDD is completely free to withhold or to make the award fully or partially to any bidder of its choice, since it is not bound to the law No. 2886.
- 7) New Technical and General Specifications will be given free of charge to those who document that they have already received the Technical and General Specification of the railbuses whose tender was cancelled.

## Murdoch faces legal challenge to TV venture

By Raymond Snoddy

MR RUPERT MURDOCH faces a legal challenge to Sky Television, his planned satellite sports channel, from the European Commission less than a month before it is due to go on the air.

The Commission has served a formal statement of objection under the competition articles of the Treaty of Rome on the European Broadcasting Union (EBU), representing Europe's public service broadcasters, and on Mr Murdoch's News International, which is behind the satellite venture.

Eurosport, the planned sports channel, is a joint venture between about 12 EBU members, including the BBC and News International. Under the joint venture, the broadcasters will make rights to major European sporting events available to Sky Television and Sky will put up the money to run the channel.

The Commission says the joint venture contravenes the Treaty of Rome.

It is believed that a second statement of objection has also been served on the EBU, calling into question the structure of the Eurovision link - the programme exchange between Union members.

It is also the extent to which private broadcasters can get access to programme rights. Private broadcasters have complained that they have been excluded from what they see as a club for public service broadcasters.

W.H. Smith Television - which runs Screen Sport, a European satellite sports channel which, like Sky Television, will use the Astra satellite - has lodged a formal complaint in Brussels against the EBU-Murdoch deal.

A formal statement of objection from the Commission is the first stage in taking legal action against what is seen as a breach of Community competition regulations.

Sky Television and the EBU are likely to contest the statement, pushing ahead with the channel while any legal process runs its course.

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"Profits before tax at £68.7 million are up by 29% compared with the previous year.

"The current results include a proportionately higher provision for taxation than last year due to a lesser effect of currently available tax losses against increased profits.

"Earnings per share at 35.2p are up by 14% compared with the previous year, after allowing for the increased effect of the tax charge this year.

"Having regard to the Company's consistent profit growth over a number of years and its substantial shareholders' funds, we consider that it would now be appropriate to allocate a higher proportion of available profits in dividends to shareholders, whilst maintaining

adequate cover. We are therefore recommending a final dividend net of tax credit of 8.0p per share making a total of 11.5p per share for the year.

"This is 31% higher than the total for last year.

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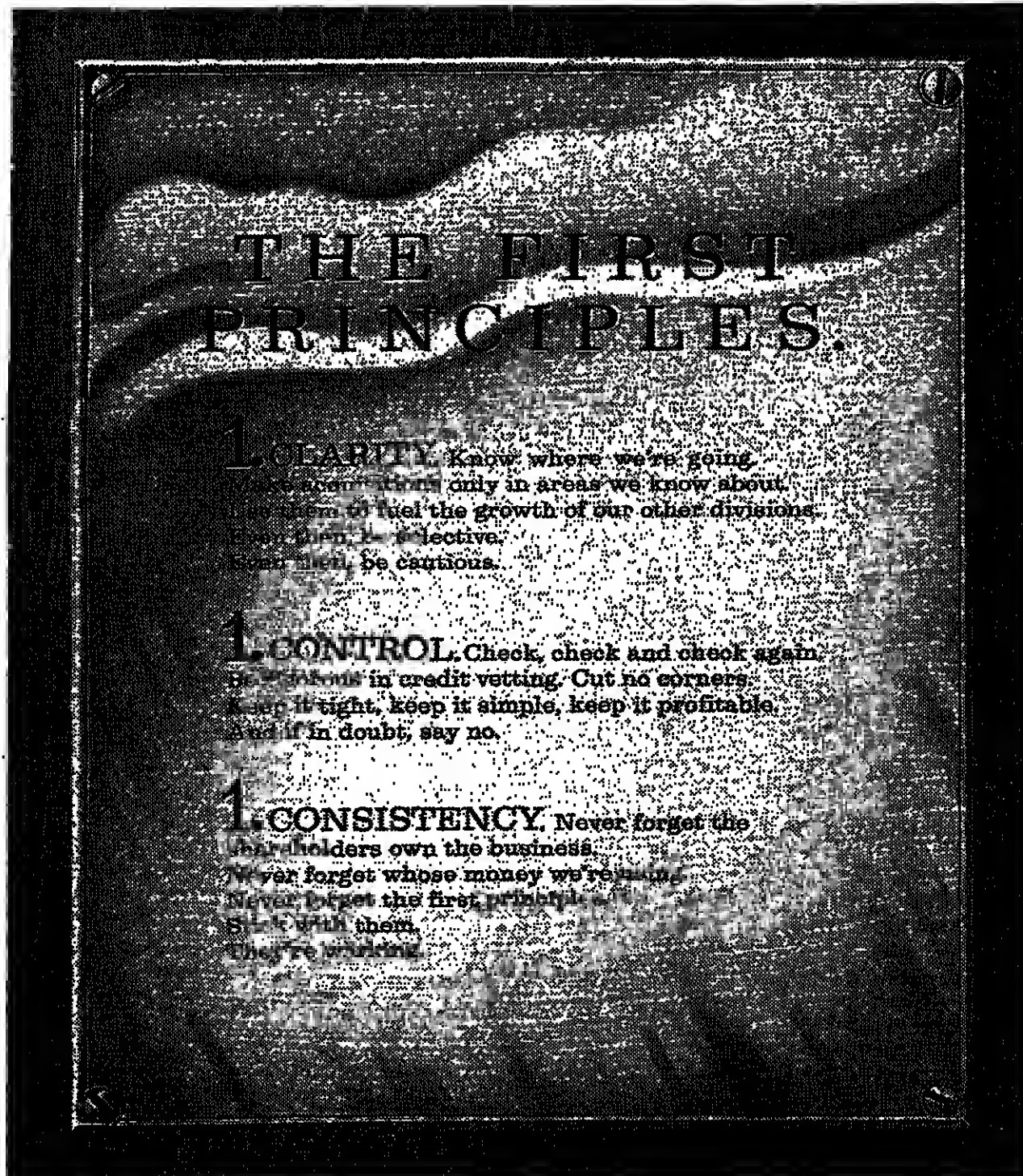
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total over £1,300 million compared with £1,000 million at the end of last year and we expect further prudent growth in 1989".

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UK NEWS

**Birmingham extends computerised bus stops**

By Richard Tomkins, Midlands Correspondent

WEST MIDLANDS Travel, the main bus operator in Birmingham and the West Midlands, yesterday extended an experimental timetable information service - said to be the first of its kind in Europe - which cuts down waiting time at bus stops.

More than 250,000 households served by 5,000 bus stops in south and east Birmingham and Solihull will now have access to a system that enables them to dial a computer for up-to-the-minute information on bus arrivals.

All 5,000 stops in the area have been given individual telephone numbers, and people living on or near each bus route are being issued with directories listing the bus stop numbers.

Would-be passengers are advised to dial the number of their nearest bus stop before leaving home.

They then find themselves listening to a computer message giving the scheduled arrival time of the next two or three buses at the stop together with details of any delays.

Information about breakdowns, traffic jams and other delays is fed into the computer by West Midlands Travel's control room, which in turn is in radio contact with the bus drivers.

The system, dubbed Travelphone 230, is already in use in North America. It has been bought from a Canadian company called Teleride-Sage of Toronto for an initial £100,000 a year for the first three years.

Its first trial in Britain began last year when West Midlands Travel installed it on eight minibuses routes in Solihull. The bus company says it proved its success by attracting 22,000 calls in its first six months.

**Shorts reports deficit of £142m as sell-off nears**

By Michael Donne, Aerospace Correspondent

SHORT BROTHERS, the state-owned aerospace manufacturer in Belfast, reported an accumulated deficit of nearly £142.5m for the year to last March. In a duck-clearing exercise before privatisation later this year, the sell-off will involve a major capital reconstruction of Short Brothers.

This result was revealed by the company in its annual report for 1987-88, just as Kenneth Benson, the Government's financial adviser, was sending preliminary details of the Short Brothers' financial position and industrial outlook, including the latest accounts, to prospective purchasers of the company.

Those prospective purchasers, believed to number between 20 and 30, have until February 10 to decide whether or not to buy Short Brothers as a single unit, retaining its aircraft, missile and aerospace manufacturing units.

The list of potential buyers will have been reduced by springtime and a more detailed "mini-prospectus" will be sent to those left in the contest, with detailed formal offers being invited.

The Government aims to complete the sale of Short Brothers before the end of this year.

The company's annual report reveals that the trading loss amounted to just over £12m for 1987-88, compared with a trading profit of nearly £10m in 1986-87.

But special provisions of £95.5m, in addition to other items such as interest and research and development costs, brought the deficit to £142.5m.

The special provisions included a revaluation of stocks and work in progress, provision for potential losses on some aircraft and other sales, projected aircraft leasing losses and the costs of anticipated aircraft modifications and other items.

The report says these special provisions have been made "in the light of current commercial and market circumstances and strategic plans, including the move towards privatisation."

Mr Rodney Lund, chairman, in his statement accompanying the accounts, says Short Brothers has an order book of well over £1bn.

"However, it is also at the bottom of the world aerospace league of capital investment per employee, and has an inappropriate capital structure."

"The Government recognises that this is the case, and has indicated the company will be recapitalised before privatisation."

"I am hopeful that such recapitalisation will enable Shorts to develop its business after privatisation in a way that has not been possible while in the public sector."

"Doing properly, I believe the privatisation should sustain employment and, indeed, should provide additional work for the province."

Mr Lund later added that the Government was now committed to the principle of selling the company as a single unit.

**Equitable renews call for London Life merger**

By Nick Bunker

EQUITABLE LIFE, the UK's oldest life insurer, will today throw its hat clearly into the ring in the battle for the future of its smaller rival, London Life, by issuing a statement that it is keen to reopen merger talks between the two mutual groups.

The move is designed to influence the outcome of London Life's second extraordinary general meeting on Friday January 27, when 66,000 policyholders will vote on London Life's own scheme for a merger with Australian Mutual Provident. As a mutual group, London Life is owned by its policyholders.

Officials at the Equitable feel that the vote must be seen as a referendum on the Equitable's own merger proposals as well as on those of AMP.

As one of the UK's most efficient life insurers, with an expense ratio of less than 10 per cent of premiums, the Equitable believes it could rapidly achieve cost savings for London Life policyholders of as much as 17m annually.

It argues that the two companies are natural merger partners because of their shared traditions as UK life companies paying no commissions to intermediaries.

Mr Barry Sherlock, the Equitable's chief executive, stresses he would not approach the London Life board directly, but he said: "If the policyholders of London Life decide they are not happy with the AMP proposals, we hope their directors will approach us."

Mr Roy Hanson, the Equitable's assistant general manager, said: "We want London Life's policyholders to know that if they vote against the AMP merger, there is a lifetime available."

Senior officials at the Equitable say they first met to discuss a London Life sale as far back as 1986, when the idea was informally mooted by London Life.

The Equitable said it asked for a meeting in London in January 1987 which was attended by Mr Sherlock, along with Professor Roland Daulton, its president, Mr Oliver Dawson, London Life's president and Dr John Evans, its managing director.

When the Equitable made clear that it would expect to be in control, the talks were broken off, but the two parties kept in touch and held further talks early last year which were abandoned when AMP appeared on the scene.

The Equitable, which ranks about 17th largest in annual premiums among the UK's estimated 160 life insurers, believes it could implement a merger by July 1.

The Equitable's statement today was agreed at a 90-minute board meeting last Friday which decided the group should raise its profile in the struggle for London Life.

It was prompted partly by merger documents produced last week by London Life, claiming that the Equitable would have "disintegrated and dismembered" it after merger.

**Stock Exchange amends rules to cure Big Bang 'weaknesses'**

By Richard Waters

WIDESPREAD changes to the trading rules of the International Stock Exchange in London are being introduced in an attempt to cure weaknesses in the system introduced at the time of the Big Bang more than two years ago.

The proposed changes, approved yesterday by the exchange's ruling council, are intended in part to prevent business seeping away as large investors become disillusioned with the service offered them.

The existing trading rules increase volatility in share prices and lead to larger and hence less competitive spreads (the difference between buying and selling prices), the exchange said yesterday.

At the heart of the problem, it says, are two rules introduced to the exchange to ensure a competitive and visible market. The first of these requires one market-maker to deal with another at the prices and in the volumes quoted on the exchange's automated quotations system, provided the second market-maker offers access.

The second rule requires market-makers to report transactions for immediate publication by the exchange, allowing others to see the prices at which deals are actually being conducted.

The largest securities houses claim that these rules have left them carrying considerable losses, since they allow others to lead their own risks on to them.

In response, Phillips & Drew said BZW last year drastically reduced the size of transactions that they were committed to undertake at quoted prices.

**Perkins boosts diesel production by 23%**

By Nick Garnett

PERKINS ENGINES, part of the Varsity group of Canada, raised production last year to completed diesels at its main site in Peterborough, north of London, by almost a quarter to the highest level since the turn of the decade.

The company said it was on target to build more than 179,000 complete engines by this month, the end of the company's financial year. This is an increase of 23 per cent on the 1987 total of 147,000 engines.

It is well short of production in demand for diesels which peaked at 283,000 units in 1976.

Perkins, which makes engines for trucks, buses, and general automotive, marine and industrial applications, has benefited from an upsurge in demand for diesels which is helping most European and North American engine-makers.

Cummins, the US company with production facilities in the UK, has also experienced a surge in demand but a recently reported poor financial performance reflects the severe price competition in the engine industry.

Perkins, which exports 85 per cent of output, has been aided by several measures it has taken in the UK, including better productivity, reductions in the labour force and new models.

Employment at Peterborough, where 2 to 10.5 litre engines are made, has fallen from 10,000 in 1979 to 3,500 now.

Overall, the Perkins group has spent £50m on new plant and equipment during the past five years.

Perkins' other engine businesses also saw significant production improvements. Its Shrewsbury plant which makes 12 to 26 litre units raised production by a fifth.

There was a more modest increase at L Gardner near Manchester which makes engines from 10 to 15.5 litres.

Mr Peter Whitaker, Perkins sales marketing director, said demand had been particularly high for industrial and construction equipment applications which now accounted for 40 per cent of Peterborough's production.

He said that 1989 also looked good but sounded a cautionary note.

"The diesel engine business is an intensely competitive industry," he said. "There is still gross worldwide over-capacity, putting severe pressure on margins."

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**More financial charges 'likely'**

By David Barchard

GREATER competition in the retail financial services market is likely to mean that consumers will end up paying direct charges for services at present provided free, says a report today by Mintel, the market research analysts.

Subscription fees for credit cards and fees for interest bearing current accounts are singled out by the report as two areas where charges would be most likely.

High overhead and development costs and stagnant customer bases are placing "a pin-like squeeze" on financial institutions just as most of them are fighting both traditional rivals and interlopers to their markets, the report says.

Mintel believes that the balance of advantage has swung away from small and innovative providers of financial services because many channels of distribution have closed to them.

Middle-sized insurance companies and building societies which cannot afford to pay for product development are unlikely to survive long in the market by themselves and are likely to see mergers as the easiest way out.

Mintel predicts that by this Easter, virtually all building societies will have opted for

ted status under the Financial Services Act when selling life assurance, because of the high cost of remaining independent.

Unit trusts are likely to face major pressures to concentrate. "A level of 1,200 Unit Trusts from 150 management groups is quite simply unsustainable," Mintel says.

Providers of group personal pensions, solicitors and accountants, and high street retailers are likely to emerge as winners from competition in retail financial services.

Finance Review 1988, Mintel Special Report, available from KAE House, 7 Arundel Street, London WC2E 8DR Price £550

**Community aid cash creates 5,000 jobs**

By David Buchan in Brussels

BRITISH RAIL's electrification programme is among several projects benefiting from the last £20m slice of aid paid out to the UK under the European Community's 1988 regional fund programme, it was announced yesterday.

The latest projects to be aided by Brussels will create nearly 5,000 jobs, while maintaining 2,000 other people in

work, the Commission said. This brings to £296m the amount that the UK has received from the regional fund last year, and to £50a the amount that the UK has obtained since the fund was set up in 1976.

The grants include £7.6m for a range of industrial and infrastructure projects in Northern Ireland, Belfast Har-

bour Commissioners are to receive £1.5m for a modernisation and expansion programme at Belfast port and smaller grants have been awarded to the ports of Larne and Londonderry. A new visitor centre at Plymouth Hoe, Devon, will also benefit.

Stewardship of the EC regional fund has passed to Mr Bruce Millan, the UK's junior

commissioner who last week took over responsibility for EC regional policies.

The start of his tenure coincides with reforms of all EC structural funds which are to be paid out in the form of bigger integrated development programmes. Among the first beneficiaries have been the regions of Strathclyde, in central Scotland and Humberside.

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**Council snubs Chunnel rail link**

By John Hunt, Environment Correspondent

FOUR possible routes proposed by British Rail for a high-speed line across Kent to link London to the Channel Tunnel at the port of Folkestone were rejected on environmental grounds in a Kent County Council report yesterday.

The report accepts the need for a Channel rail link across the county, but urges that British Rail be asked to propose a new route which satisfies a list of environmental criteria.

The report, by the council's senior officers, looks certain to be adopted by the council's Development, Planning and Transportation Committee next week and so become official policy.

The proposed routes would entail the destruction of hundreds of houses and run through areas of natural beauty. Two run north of Maidstone and Ashford, and two to the south of these towns.

Mr Michael Odling, committee chairman, said: "The BE proposals are just not acceptable in their present form. They must take a very careful look at the criteria, listen carefully and return to this anew."

The decision to oppose the BE routes follows an assessment commissioned by the council from G Mansell and Partners in association with Steer Davies and Gleave. This found that the rail traffic

through Kent resulting from the tunnel will be higher than BE projections.

British Rail suggests that there will be between 12.7m and 13.4m trips annually on such a line in 1983. The council's study suggests the figure would then be between 14m and 15m trips. This would rise, says the council, to between 18m and 19m by 2003 if existing lines are used for a high-speed train, and 20m to 21m if a new line is built.

The environmental criteria which the council proposes any route should satisfy say there should be no loss of existing rail corridors should be used as far as possible to minimise damage.

**Future status of Prestwick may be in doubt**

THE future of Prestwick airport as Scotland's only gateway for long-haul flights appears in doubt after a call yesterday by Sir Norman Fyfe, chairman of the BAA, for the Government immediately to review its status, writes James Buxton.

Sir Norman said that the airport, 40 miles from Glasgow, did not appear to have established itself with the air transport industry or with the Scottish community.

Air traffic between Scotland and places outside Europe is at present prohibited from using Glasgow and Edinburgh airports. This is blamed for the fact that there are few long-haul flights from Scotland, because Prestwick is inconvenient for most Scots and has no air feeder services.

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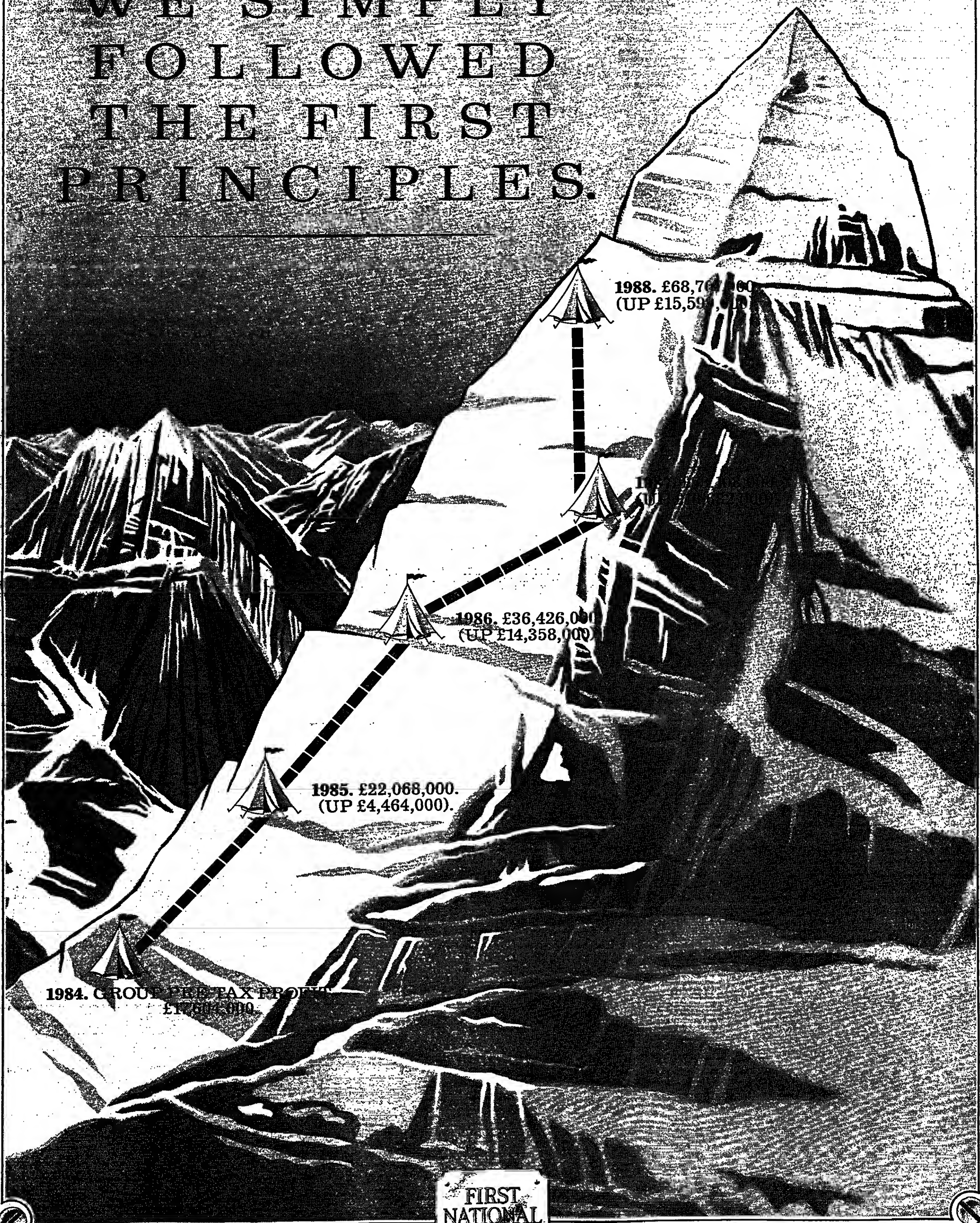
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**12/18 March 1989**



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1985. £22,068,000.  
(UP £4,464,000).

1986. £36,426,000.  
(UP £14,358,000).

1988. £68,700,000.  
(UP £15,590,000).

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...weaknesses

Rail crash  
criminal  
charges not  
ruled out

FAIR  
Republic

1989



## MANAGEMENT

Hinari sounds like a Japanese company. It is in fact the deliberately Japanese-sounding name of a Scottish company which claims to be the UK's fastest growing consumer electronics concern.

Hinari is a producer of televisions, video recorders, compact disc players and hi-fi equipment. Like Alan Sugar's Amstrad, which it resembles on a small scale, it does not manufacture in Britain, though it is shortly to start doing so on a small scale. Instead it designs its own products and has them manufactured to its own specifications in the Far East.

In the current financial year, which ends next month, Hinari expects to record sales of almost £70m, a 75 per cent jump from the £39.4m it made in 1987. It expects to make gross profits of around £10m. The company was only founded in 1985, a year in which it had sales of £14.5m. In the year to February 1988 it expects to sell about £120m.

Yet despite its impressive growth to date Hinari only last year acquired the type of management structure one might expect for an organisation of its size.

It appointed its first finance director, Douglas Macneil, in August and brought in its first sales director, Iain Collier, in October to take a broad view of product strategy. The business was split into three profit centres for different retail market areas, each with a general manager and accountant.

In a business where companies have often suffered from a reactive approach to the problems of rapid growth, Hinari is candid about its potential weakness. Its creator, a sunny-natured 43-year-old Liverpudlian named Brian Palmer, admits: "Our very fast growth is our Achilles heel."

At the same time he shows no sign of wishing it to be any slower and is busy expanding in continental Europe. But he also wants to establish Hinari as a name for quality and innovation that could ensure that it is around in 20 years' time. He wants to prevent Hinari being seen as a company that simply brings out cheap and cheerful "me-too" versions of other people's products.

"Hinari is a young company but it is the fruit of the 20 year apprenticeship I served running retailing and wholesaling businesses in consumer electronics," he says.

He sees himself exploiting an opportunity which exists alongside the very large multinational manufacturers for "people who have inside knowledge of the retail business and of what consumers in Britain and the rest of the EC actually want."

The company is therefore market-led, with Palmer using his intuition to decide what products to make. He outlines his idea to a very small team of designers who work out what it will look like on the outside. Then the electronic engineers fit the components into the box. Hinari spent about £500,000 on research and development in 1988 - just 0.7 per cent of turnover and a very modest proportion compared with many manufacturing companies.

The technological innovations that make Hinari products possible are the

## Hinari

## When structure chases growth

James Buxton explains the Scottish consumer electronics company's attitude to strategic planning



Brian Palmer: "Our very fast growth is our Achilles heel"

integrated circuits developed by companies such as Mitsubishi in the Far East. But there is room for Hinari to innovate in what it chooses to introduce in the UK.

For example, Hinari will shortly come out with its Disc Deck, a long, slender panel mounted on a pedestal incorporating a compact disc player, cassette deck and radio, but no record turntable. "A lot of young people nowadays don't have any records," explains Palmer. The Hinari Disc Deck will cost from £199.99. He believes it is the first of its kind.

Nevertheless Bob Whisker of the electronic consultants BIS Mackintosh says that any good product innovation will be matched by Far Eastern producers in a matter of months. "There is nothing new under the sun," he says. More important for companies like Hinari is to have a firm grip on the retail system, he thinks.

Hinari's manufacturing is co-ordinated from its office in Hong Kong, where the technical director, Ullrich Reuter, is based. Manufacturing contracts are made with companies in Japan, South Korea, Taiwan and Hong Kong, and supervised by Hinari's 14 production inspectors, who, Palmer says, have been known to fall up to 20 per cent of some shipments. The products are then

shipped to Europe.

However, in the next few months Hinari expects to start making part of its Disc Deck production in Scotland. It's mainly for political reasons that we will be assembling here," Palmer says. It will make it easier to sell the product in countries such as France.

"What's gone wrong with consumer electronics manufacturing in the UK is that the basic infrastructure for supplying components has disappeared. For example, you can't buy a 14-inch TV tube in any quantity in Europe. The Far East is simply a far more competitive place to buy components."

Even so the Far East can also throw up problems. Last year Hinari was unable to satisfy all its demand because Far Eastern companies wanted 12 months instead of nine to develop new products, and were not able to manufacture in sufficient quantity.

It was partly because of product development problems in the Far East that Hinari set up its in-house R and D operation.

Hinari is careful to sell through reputable dealers in order to try to keep the image of the company's products from being compromised. As well as supplying products under retailers' own labels, it sells through chains such as Boots, House of Fraser, Dixons, Currys,

the Co-op and many others, but avoids retailers involved in very heavy discounting.

The company is now exporting to Spain and West Germany and soon plans to set up subsidiaries in France and Italy. By the end of 1988 Hinari had derived £10m from sales outside Britain.

Yet Hinari even now only employs 90 people - although that is twice the number of a year ago. The company obtained £4m in new capital in mid-1988 from a syndicate led by merchant bankers Hill Samuel, which acquired 14.4 per cent of the equity. The share issue reduced Palmer's personal stake from 85 to 75 per cent - the rest is held by three senior executives.

Finance has so far been organised remarkably simply. Hinari likes to get orders from retailers which have a strong reputation with the banks, raise letters of credit against them, and thus finance production. It tries to keep stock levels as low as possible.

"When we began in 1985 I bought the product, sold it, wrote out the invoices by hand and collected the money myself," says Palmer.

The upgrading of the company's structure coincided with Hinari's move into a purpose-built 40,000 square foot factory in Cumbernauld near Glasgow which contains the head office and showroom for corporate customers. Palmer made Scotland his location partly because he had already been operating his retail business there and because he and his wife prefer to live there.

Initially, Cumbernauld was planned in mid-1987 as a facility to manufacture video recorders in a joint venture with Shintom of Japan. However, it is an illustration of how the company's planning has failed to keep pace with growth that the deal fell through when it emerged that these products were not, as had been thought, threatened by imminent EC anti-dumping action.

More recently it was decided to make the Disc Deck at Cumbernauld. However, Palmer says that because of lack of sufficient space the Disc Deck may now have to be assembled at Hinari's original plant in Glasgow, where it makes domestic appliances such as kettles.

"You can't manage growth," he maintains. "You can't always predict what's going to sell on a large scale." He admits that a very large company would be able to make longer term plans and increase its operations in a more orderly way than Hinari has been able to do.

Among the other possible pitfalls of fast growth is the risk of hitting on a product that doesn't sell. "We've had products that didn't move as well as we'd hoped, though we've got nothing at the moment that isn't moving well. Any product can be slow if you buy too many of them," he says.

But Whisker at BIS Mackintosh believes that the UK consumer electronics market is so large (about £4bn in 1987) that a manufacturer with a slow-selling product is almost certain to be able to dispose of it at some price, rather than having to write off stock - a fate which often hits companies in the data processing equipment industry.

## Mission accomplished - or ignored?

Michael Skapinker on the worth of companies' stated aims

It is the duty of the manufacturer to serve the foundation of man's happiness by making man's life affluent with an inexpensive and inexhaustible supply of life's necessities. Matsushita, the giant Japanese manufacturer of electrical products, gives this as its purpose in life.

Westerners might snigger, but some of their own companies define their own role in remarkably similar terms. J Sainsbury, the British retailer, states that its aim is "to discharge the responsibility as leaders in our trade by acting with complete integrity, by carrying out our work to the highest standards and by contributing to the public good and the quality of life."

At the sharp point of these portentous announcements? Should smaller companies which aspire to be a Matsushita or a Sainsbury draw up mission statements of their own?

Andrew Campbell of the Ashridge Strategic Management Centre began a study of company mission statements a year ago. He rapidly concluded that mission statements on their own were of little value.

There were companies with a strong sense of purpose and a committed workforce which had never seen the need to have a mission statement.

There were, on the other hand, "companies with a mission statement and nothing to look forward to but death in a few months' time."

Mission statements are only likely to be effective when the company already has a sense of mission, he says. "You probably don't want to write down your values until you have lived them," he says.

If a company does not look after its customers and does not pay its suppliers on time, a mission statement promising to do so will probably be ignored by employees.

One of the companies he studied drew up a mission statement which promised its employees security of employment. Eventually, however, difficulties in one of its markets forced it to lay off employees. It amended its mission statement to say that it would offer greater security of employment than other companies in the same industry. Changes of this sort inevitably damage the



credibility of mission statements.

Rather than trying to write a statement, Campbell believes that companies should spend their time formulating a sense of mission and persuading employees of its validity, a process which is likely to take years rather than months.

In defining their mission, companies should address themselves to four issues, Campbell says. The first is to establish the purpose of the company, to provide some explanation of why the organisation exists.

Some companies are dedicated to serving their shareholders. Lord Hanson, eponymous chairman of the international industrial conglomerate, says that "it is the central tenet of my faith that the shareholder is king. My aim is to advance the shareholder's interest by increasing earnings per share."

Others undertake to balance the interests of shareholders against those of employees, customers or suppliers. Lex Service says: "We will exercise responsibility in our dealings with all our stakeholders and, in the case of conflict, balance the interest of the employees and shareholders on an equal basis over time."

The second aspect of corporate mission is the organisation's strategy - a description of its business and activities and the position that it wants to achieve in the market.

The organisation's values are its third component. How does the company intend to treat its employees, customers and suppliers?

This is where companies might promise to provide their employees with all the training they need to do their jobs properly, to provide their customers with safe, high quality goods, and to pay their suppliers promptly.

The fourth aspect is to ensure that the organisation behaves in the way that it promises it will. If the company undertakes to treat its staff properly, it needs to ensure that its managers are given the training and resources to carry out that policy.

Why is it important to develop this sense of mission? Is it not sufficient for companies to ensure that they are profitable enough to provide a decent return to shareholders and ensure that their employees continue to have jobs?

No, says Campbell. "People are more motivated and work more intelligently if they believe in what they are doing and trust the organisation they are working with. Psychologists and organisational behaviourists recognise that most people are searching for meaning in their life. If an organisation can provide meaning for an employee on top of pay and conditions, it will inspire greater commitment and loyalty."

Organisations with clear values find it easier to select, recruit, promote and develop the right kind of people. In the selection process, individuals who do not agree with the organisation's values will choose to leave. But it also gives the selectors and developers an additional set of criteria (shouldn't this be criterion?) does this person embody the values we believe in?

The mission should be written down only when it is well-established and understood. "There are plenty of ways of generating cynicism in organisations and writing mission statements is one them," Campbell says.

## TECHNOLOGY

## Artificial skin offers an alternative to tests on animals

Peter Marsh uncovers developments that could help check the safety of drugs and cosmetics

Scientists are trying to replicate human skin in an effort to find an alternative substance for testing drugs and cosmetics. The use of artificial skin could both cut development costs and reduce the need to use animals in toxicology trials for such products.

The new substances could also replace natural human skin for grafts - in the case of burn victims, for example. According to Ron Cohen, vice president of Marrow-Tech, a company in New York seeking to make laboratory-produced skin sales of skin substitutes for drugs and cosmetics testing in the US could total several hundred million dollars a year by the mid 1990s.

Apart from Marrow-Tech, two other US companies - Organogenesis of Massachusetts and Clonetics, based in San Diego, California - are also attempting to develop versions of human skin.

In each case, the skin replacement work is based on novel methods of growing human tissue outside the body.

Assuming the research reaches fruition, the tests involving skin substitutes

could replace many of the trials on animals which drugs and cosmetics companies have to undertake to ensure that their products are safe.

Such animal trials are inherently expensive, due to the cost of rearing creatures like mice and dogs. They also offend many people, who fear that the animals may be exposed to unnecessary suffering.

Duncan Moore, a healthcare analyst at the London office of Mulr-Carby Bottkjaer, a US stockbroker, says the idea of using skin substitutes in place of animal testing is appealing. But he warns that several of the companies developing these products still have tough technical hurdles to overcome.

All three US companies take ingredients of natural skin and mix them in the laboratory under conditions that promote the growth of the tissue. They have to be kept in a cocktail of chemical nutrients to substitute for the natural substances which, in animals, are carried by the bloodstream to the skin to keep it alive.

Especially difficult is the task of growing the two separate films which comprise normal skin. The topmost layer -

the epidermis - is about 100 microns (millionths of a metre) thick. It contains the upper parts of sweat glands and hair follicles and acts as the basic shield between the body and the outside world.

The bottom layer - the dermis - is about 10 times thicker and is much more complex biologically. It contains a different mixture of cells and proteins and is responsible for skin's tensile strength. The wrinkles that come from natural ageing are the result of the dermis slowly wearing out.

Marrow-Tech bases its ideas for growing a three-dimensional skin structure on an ultra-fine nylon mesh with pores which are a few hundred microns in diameter. This is similar to growing, on a miniature scale, a three-dimensional array of beans on a garden frame.

The starting materials for Marrow-Tech's process are a variety of cells and proteins, and a substance called skin stroma - interconnecting tissue found in ordinary skin. According to Cohen, the genetic material in the stroma is responsible for guiding the cells in the correct way so as to



produce both dermis and epidermis as in human skin.

Marrow-Tech intends to use its stroma-based technology to make other kinds of human tissue - bone marrow and liver tissue, for example, in each case the process would be similar, though the starting mixture would need to contain stroma appropriate to the part of the body being reproduced.

The approach by Organogenesis, which was set up by scientists at the Massachusetts Institute of Technology, differs in that the company is attempting to grow skin seeded around fibres of collagen - a naturally occurring protein found in the dermis layer.

Eugene Bell, chairman and chief scientific officer of Organogenesis, says that the company has used this technique to create pieces of substitute skin about 3 cm square which are available for trials. He expects commercial versions of the skin-equivalent to enter the market soon, although he does not want to discuss their likely price.

Clonetics - which hopes in the 1990s to move into the business of making true skin equivalents - is also selling other cell cultures which replicate the conditions in the tissue lining the insides of arteries. Scientists trying to combat heart disease are finding these cells useful for testing pharmaceuticals which modify the operation of the body's cardiovascular system.

Researchers in the drugs and cosmetics industry can, however, buy from Clonetics a flask of skin cells, kept alive in a nutrient, for about \$25 (\$140) which they can use for testing new products to assess their effects on the human body.

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## Simulated disaster will test the handling of a flood of calls

TOMORROW the Home Office and the Association of Chief Police Officers (ACPO) will simulate some of the repercussions of an aircraft crash in the UK to test a computerised method of handling the flood of telephone calls that such emergencies generate.

The project could lead to the introduction of an easy-to-remember "disaster" telephone number. At the moment - as in the aircraft crashes at both Lockerbie and Kegworth - specific information numbers are released ad hoc to the public.

The trial, called Exercise Combat '89, will imitate the way telephone inquiries inundate the emergency numbers following a major accident. The simulation, planned since 1987, bears a chilling resemblance to the crash of the Boeing 737 aeroplane on

the M1 motorway in Leicestershire on Sunday.

In the fictitious disaster, an imaginary DC9 aeroplane en route from Leeds/Bradford airport to London Heathrow develops engine problems and is diverted to Luton airport. On the way the aircraft crashes on to the London St Pancras to Sheffield railway line at 9.20 am, derailling an InterCity 125 train. The dead and injured aboard the aircraft and train number more than 200.

At 10 am an emergency number is given out, triggering thousands of calls from worried relatives and friends. Their roles will be played in the exercise by members of the emergency services and Red Cross around the country. The calls will be handled by more

than 200 telephonists from Telephone Marketing Services (TMS), part of British Telecom, at the company's telephone nerve centre in Bristol. The Home Office, which is funding the exercise, expects more than 4,000 calls to be answered during the four-hour test period.

The calls will be put into a queue and answered in rotation by the telephonists. Automatically displayed on their computer screens is the information which will be used to answer queries. So, in the case of the imaginary accident, the telephonist will have the aircraft's passenger list, details of casualties, names of the hospitals handling them and so on.

Some of the inquiries made by the callers will be scripted, others will be ad libbed. Many of the callers will be

asked to take on the role of hysterical relatives.

As the callers are given the required information, the telephonists record their names and queries on their computer terminals. That data is then fed automatically to two centres in Bradford and Bedford.

In Bradford, the data is collated on a McDonnell Douglas computer system called Crisis (casualty recording information sorting and identification system).

In Bedford, the information is printed out and recorded manually on paper files. The paper-based information is then compared with the computer data and the scripted telephone conversations to weigh up the speed and accuracy of the computerised and manual systems.

TMS's usual line of business is answering telephone inquiries for companies which place one of the TMS telephone numbers on their advertisements.

Notably, it has dealt with inquiries about share flotations, including those of British Petroleum, British Steel and its own parent company British Telecom.

Several further simulations will be carried out by the Home Office and ACPO during the year. One of the issues still to be considered by the authorities is whether callers would have confidence in information available from a central number, or whether they would prefer to ring one local to the incident.

Della Bradshaw

## Mains route to meter reading

The Mainsborne Telecom control system, which uses the electricity mains as a two-way information carrier for remote meter reading and energy management, is to undergo a new trial in south London.

Two thousand households will test a Mark Two version of the Mainsborne customer unit developed by the Electricity Council by Thorn EMI, the UK electronics company. The original version was tried in 1,000 homes in London and Milton Keynes between 1984 and 1986. Although that trial was a success, it showed that some technical improvements were required before the system could be scaled up.

The electricity mains are far from an ideal communications medium because the current flowing through the cables creates interference. Thorn EMI has tackled this problem by adopting a military communications technique called spread spectrum signalling. It uses a frequency range hundreds of times wider than the data would normally require, so that the overall message survives when part of the bandwidth is obliterated by interference.

Even so, messages were sometimes lost during the first Mainsborne trial. This time some of the home units will act as repeater stations, re-transmitting messages to the other units.

The system has also been redesigned to comply with all European and international electrical standards. Thorn EMI says that utilities outside the UK are interested in Mainsborne. Electric companies in other countries have experimented with signalling through the mains but their development work is less well advanced.

In the south London trial, due to start in 1990, the Mainsborne units will be connected to the customers' electricity meters and will send readings back to the London Electricity Board (LEB) whenever the engineers transmit a signal calling them up. The same units are capable of reading gas and water meters remotely, so the system could eventually eliminate the traditional quarterly call of the human meter reader. It will also detect faults and tampering with meters. The Mainsborne display unit will tell customers how much

they owe the LEB, the rate at which they are consuming electricity and the likely size of their next quarterly bill. Evidence from earlier trials shows that some people use electricity more economically if they can "see" how much they are consuming.

At the same time, Mainsborne will enable the LEB to offer customers cheaper electricity when demand is low. And signals can be sent to switch off certain appliances such as water heaters at times of peak demand. This "load management" should result in lower bills for the customer and reduced generating costs for the utility.

Although Thorn EMI welcomes the £1.6m contract for the south London trial as a sign of the UK electricity supply industry's commitment to Mainsborne technology, the company had been hoping for a much larger order. Engineers at the Electricity Council wanted to spend £25m on a full-scale Mainsborne system involving 300,000 homes, but that was ruled out because of uncertainty about the future shape of the industry. (According to the Government's privatisation plans, the Electricity Council will be replaced by a new co-ordinating body for the distribution companies.)

The appeal of Mainsborne for the electricity supply industry is that it uses its own cables and does not rely on anyone else's system. From the technical point of view, however, it is easier for utilities to use the telephone network than electricity cables for remote meter reading. The phone system is, after all, designed for communications whereas the mains are designed to carry power.

Several US utilities read meters with "no ring dial up" technology, which is based on the trials calls used by telephone engineers to test customers' phones without making them ring.

In the UK, telephone-based remote meter reading has made little progress since a successful trial in the mid-1980s - partly because British Telecom and the utilities have been unable to agree on terms for future development work. But Thames Water may adopt a telephone-based reading system in the near future for one of its water metering trials.

Clive Cookson



# Financial Engineering

The financial engineering unit of a leading global investment bank seeks to enhance its coverage of the insurance investment industry.

Candidates will have an actuarial background or similar and be familiar with Treasury and Capital Markets products.

In this instance the remuneration package will not be a limiting factor.

Those interested should contact Nick Bennett on 01-831 2000 in strictest confidence, or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.



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# What companies pay for good performance

By Michael Dixon

THE LAST time the table alongside appeared in the Jobs column, three managers from big companies rang up in medium to high dolezone. Each had received a cutting of that day's article anonymously adorned with typewritten comments. The briefest of the remarks (with expletives deleted) read: *Now we know what the company really thinks of us!*

The cause of the trouble was obviously the table which shows the premiums employing concerns pay, on average, for good as distinct from merely acceptable work by staff originally recruited as graduate trainees. The senders of the cuttings must have looked at the figures, compared them with their own pay, and taken umbrage. In consequence the three managers were taking me to task for precisely enough to support personal comparisons. For one thing, they refer to Britain as a whole. There is no indication of regional differences even though the pay of individuals doing similar jobs often

Sector of employment	Average start pay:		Pay progress of adequate and high-flying staff:		adequate and high-flying staff:		adequate and high-flying staff:	
	forecast for 1988	actual in 1988	After 1 year:	After 3 years:	After 5 years:	After 7 years:	After 9 years:	After 11 years:
	£	£	£	£	£	£	£	£
Banks & building societies	9,293	9,997	11,790	13,012	13,640	17,513	16,876	23,063
Distribution and retail	9,417	9,963	10,507	11,161	14,428	16,101	19,950	21,684
Food, drink and tobacco	10,567	9,825	11,157	11,405	14,835	16,475	17,344	21,204
Professional services	—	9,838	10,412	10,794	14,916	15,783	19,041	20,442
Oil and gas	11,869	10,985	10,389	11,852	12,975	15,084	15,176	19,048
Public services	—	6,647	6,832	10,122	11,494	13,517	15,008	18,783
Insurance	9,789	9,146	10,210	10,873	12,492	14,820	15,365	18,250
Computers and electronics	10,231	9,586	10,874	11,359	13,145	14,964	15,191	18,094
Manufacturing except eng'g	9,840	9,340	10,327	11,269	12,030	13,464	13,770	16,206
Chemicals and allied	10,216	9,500	10,329	10,775	12,606	13,740	14,402	15,495
Engineering (incl motor)	9,583	8,917	9,936	10,485	11,870	12,557	12,557	14,515
Overall	9,896	9,346	10,484	11,120	12,934	14,781	15,331	18,094

depends much on whether they are working in a high-cost or low-cost area.

Today's table, like last time's, is compiled from the study of trends in graduate employment made by the PA Consulting Group (the full report can be obtained from Jenny Ward at 60a Knightsbridge, London SW1X 7LE; telephone 01-235 0060). The survey covered 153 concerns, most of them big and with widespread activities.

The figures, all averages, are broken down by sector. We start with forecasts, where available, of salaries to be paid to recruits joining after winning a bachelor's

degree later this year. Next come the salaries paid to graduates engaged in 1988. Then we turn to graduates recruited in earlier times (and of course at lower starting salaries). The rest of the table shows the previous recruits' typical total cash pay - salary plus bonuses - first after one year's service, second after three, and lastly after five. A distinction is made between staff judged "adequate" in being just average workers, and the "high-flying" judged at least better than average.

While too broad to justify individuals in taking up the poison pen, the findings

surely support the view that the value set on good work differs acutely with sector. Premiums paid to high-flyers over adequate after five years vary as follows:

**Sector of employment** %

- Banks & building socs 38.7
- Oil & gas 25.5
- Public services 25.2
- Food, drink, tobacco 22.8
- Computers, electronics 19.1
- Insurance 18.8
- 'Other' manufacturing 17.7
- Engineering inc motor 15.5
- Distribution & retail 14.3
- Chemicals & allied 7.6
- Professional services 7.4
- Overall 18.0

The main surprises for me

in that list are the high place of public services, and the bottom slot of professional services such as accountancy and consulting concerns.

Another oddity is that the extra value the sectors set on good performance does not seem to be linked with their ability or willingness to retain graduate staff. The percentages still employed five years after being taken on - except for professional services whose retention rate isn't available - were:

**Sector of employment** %

- Banks & building socs 46
- Oil & gas 72
- Public services 45
- Food, drink, tobacco 44
- Computers, electronics 57
- Insurance 61
- 'Other' manufacturing 53
- Engineering inc motor 44
- Distribution & retail 49
- Chemicals & allied 58
- Overall 52

and future architecture of systems. So the job requires a deep and up-to-the-minute understanding of relevant technologies.

Since the newcomer will have a key role in strategic management, candidates additionally need a keen appreciation of the markets for the group's products and demonstrably well developed skills of planning, diplomacy and communication.

No salary is quoted, but my guess would be at least £55,000. Whatever it is, however, the other benefits will include a handsome bonus on results. Base Manchester or Thames Valley. Inquiries to 130 Wilton Road, London SW1V 1LQ; tel 01-834 6886, fax 01-830 6645.

RECRUITER Andrew Fye of Noel Alexander Associates (91 Gresham St, London EC2V 7BL; tel 01-796 4322) seeks a multilingual research ace for a London consultancy he may not name. He will respect requests not to be identified to his client as yet.

The prime task is to develop a database covering financial products on the market, especially in Europe. Candidates should have at least two years' success in comparable work. Salary £25,000-£30,000, dependent on linguistic skill. Perks negotiable.

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HEADHUNTER Tim Wilkes of the A T Kearney consultancy has been asked by ICL to find a technical director for its product operations group, one of five main operating divisions.

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Our client is a highly successful British merchant bank with a considerable corporate finance. They seek an experienced individual to join a specialist team providing advice on a wide range of corporate finance matters to a substantial portfolio of smaller companies.

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For further details of the above vacancies please contact Jon Mitchell or Robert Digby on 01-583 0073 (day) or 01-573 0839 (evenings and weekends) or write in complete confidence to:

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30/45

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The marketing role, which the person will take over, in due course, from the current Senior Director, is one of planning and implementation in an extremely innovative group which has subsidiary operations in all the major financial centres. The job is essentially one of Marketing, and orchestrating Sales Offices who operate separately in each of the major business areas.

The job will be relevant to a man or woman who is already carrying out a senior marketing role within the financial sector. Ideally but not essentially the person appointed will have relevant management experience, and of marketing institutional investment products, and certainly they will possess a conceptual and creative approach to marketing.

A generous salary, which is negotiable, is backed by profit sharing and the full range of normal banking type benefits.

Please contact, in confidence, Colin Barry, Senior Partner, Overton Shirley & Barry, at Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

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INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

## CHARTERHOUSE APPOINTMENTS

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Our client, a respected UK securities house is looking to recruit analysts to increase their coverage of the European markets. Candidates must have 2-3 years experience covering one or more of the European markets however individuals with good language skills currently working as a GK analyst will be considered.

For more information on these and other Financial and Commodity positions contact Tim Giles on 01-481 3188

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The department currently comprises two persons, but is expected to grow considerably.

The ideal candidate will have worked in the leasing industry for a number of years, probably as a head lessor. Knowledge of credit procedures and documentation is essential. An understanding of the tax and accounting issues related to leasing would be valuable.

Career prospects are excellent and need not necessarily be limited to this particular area of activity.

Apply with full C.V. to: G.E. Wirgman FCA,  
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## Banking and Capital Markets

Barings wishes to recruit a young Executive to work in the Banking and Capital Markets department in London. Suitable candidates will probably be between 22 and 26 years old, will be university graduates and possess a high degree of numeracy and an ability to communicate clearly both orally and in writing.

Salary is negotiable according to experience and remuneration includes a mortgage subsidy, non-contributory pension scheme and BUPA membership.

Applicants should write, enclosing a curriculum vitae, to:

Francis Canawath,  
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## LOANS DOCUMENTATION

Banque Nationale de Paris p.l.c. is the British subsidiary of one of the world's largest banking groups, providing a range of international banking services for UK and multinational clients.

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The successful applicant should be a sound technical banker, ideally with an ACIB qualification and a minimum of five years' experience gained either in the charged securities section of a UK clearing bank or the legal department of a large financial institution. An ability to draft documentation quickly and concisely is essential.

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Applicants may have an accountancy, investment or relevant industry background and may currently be working for an investment institution, brewery company or stockbroking firm. Career prospects within the firm are excellent.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation facilities are available and interested applicants should contact Adrian Hitchcock quoting ref: 3081 on 061-228 0396 at Michael Page City, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

  
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The position calls for a confident personality, not only capable of training and managing a small team but also willing to adopt a "hands-on" approach to direct negotiations with clients for new business.

For the right applicant our client is prepared to offer a generous and competitive benefits package and excellent career opportunities.

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Please telephone Mrs Joan Woods, 01-236 1113, or write enclosing a full CV to her at Portman Recruitment, 15 Great Saint Thomas Apostle, London EC4V 2BB.

  
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knowledge of both major and emerging markets. You must possess well-developed interpersonal and communications skills and the technical ability to produce above average results.

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Please write, enclosing a CV, to:-



Jimmy Johnson  
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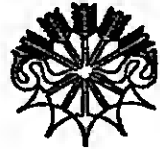
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C.V. etc to Box A1095,  
Financial Times, 10 Cannon Street,  
London EC4P 4BY

### STOP

If you want to double your income in 1989 STOP what you're doing STOP what you're saying STOP what you're thinking. START a new career by telephoning Jeff Straw on 01 280 0180

### SPOT

£30,000 to £80,000  
We are recruitment specialists in Interbank Foreign Exchange

Chester Partnership  
31-45 Gresham Street, London EC2  
Tel: 01-600 0101

### OTC CURRENCY OPTIONS BROKER

Experience preferred but will train. Salary negotiable. Trained money brokers also required.  
Write Box A1096, Financial Times,  
10 Cannon Street, London EC4P 4BY

SALES EXECUTIVE with management potential for superb range of display systems. Above average remuneration for person with real sales ability and drive. Phone 01 279 2555

## Corporate Loan Review

**Fluent German**  
**£23,000 - £25,000**  
**+ Banking Benefits and Car**

Our client, an established City banking subsidiary of a North American financial institution is setting up an International Loan Review Unit.

Our client wishes to recruit an experienced banker with a minimum of 5 years experience in secured lending to medium sized companies, the property market and high net worth individuals, in addition to a thorough knowledge of security documentation preferably gained in an international environment.

The successful candidate will be aged 25-35 fluent in English/German, with an appropriate professional qualification. The position will require travel outside the UK.

A comprehensive range of fringe benefits include company car, mortgage subsidy, pension and life assurance, private medical cover and loan facility.

Please write with your career details to J. D. Vine (Ref. FT/111), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any companies in which you would not be interested.

**VINE POTTERTON**  
RECRUITMENT ADVERTISING

## FUND MANAGEMENT CAREER OPPORTUNITIES

Provident Mutual is one of Britain's most successful Life and Pensions organisations. Their investment team in the City currently manage total funds of around £5 billion and business continues to expand rapidly. Because of this we are currently seeking additional investment personnel to pursue a career in various areas of investment management. Current opportunities are as follows:-

### ★ STRATEGY AND MARKETING

A management position requiring at least 2 years investment experience. As this position will involve reporting to existing clients at board level on investment performance and the presentation of our services to prospective clients, strong communication skills and the ability to deal with people at senior levels is essential.

### ★ UK EQUITIES ANALYST

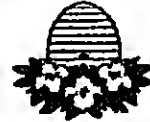
A graduate with preferably some experience of working in investment or other city institutions is required. This position will provide an opportunity to develop into fund management, for the right applicant.

### ★ OVERSEAS EQUITIES ANALYST

A graduate, again with preferably some experience of working in investment or other city institution.

In return we offer an attractive salary and benefits package including a minimum of 20 days annual holiday, non-contributory pension, BUPA and mortgage subsidy.

To apply please write enclosing full CV to Miss C White, Senior Personnel Officer, Provident Mutual Life Assurance Association, 25/31 Moorgate, London EC2R 6BA stating for which position you wish to apply.



**PROVIDENT MUTUAL**

## ACCOUNT MANAGER

Chemical Bank is expanding its Financial Services Products business - specifically Electronic Banking, Cash Management and Securities and Trust Services - and requires a successful salesperson with language skills to develop the existing European portfolio in France, Spain and Portugal.

The highly professional London-based team requires an additional team-player who is confident, clear thinking and creative with excellent business management skills.

The successful applicant will require:

- capability of understanding customer needs;
- ability to develop products;
- foreign language skills;
- proven sales record.

The rewards will be commensurate with a senior position within Chemical Bank, including normal banking benefits.

If you feel you can match these requirements, please send a curriculum vitae to Mrs Ava Dennis, Human Resources Division, Chemical Bank, 180, The Strand, London WC2R 1EX

**CHEMICAL BANK**

An equal opportunities employer

### 1989 - YOUR CRUCIAL YEAR?

Changing your career?  
Finding employment?  
Tackling vital exams?  
NOW IS THE TIME to contact us for expert assessment and guidance.  
Free leaflets:  
● CAREER ANALYSIS  
● 30 Questionnaire, 91  
● 02-435 5432 (24 hrs)

**WHITTINGDALE**  
INTERNATIONAL INVESTMENT MANAGERS

## SENIOR INVESTMENT MANAGER

FIXED INTEREST

Whittingdale is a successful and expanding independent fund manager specialising in fixed interest markets. They are seeking to recruit an additional senior investment manager to join their existing team.

He/she, aged 27-35, will be expected to contribute to policy decision-making and to the expansion of the business. The working environment is enthusiastic and innovative and the prospects for advancement are excellent.

The successful candidate will offer at least three years' experience in fixed interest fund management, and will be educated to degree or equivalent standard, preferably with a mathematical or related background.

An excellent salary, plus benefits, is offered for this important post.

Please apply, in strictest confidence, enclosing your curriculum vitae, to Edward Lovell at: Troubridge Associates Limited, Oriol Buildings, 10/11 Margaret Street, London W1N 7LE Telephone: 01-436 5896.

**TROUBRIDGE ASSOCIATES**

### PRIVATE CLIENT STOCKBROKING

An opportunity for a limited number of

## Senior Stockbrokers

presently generating in excess of £150,000 commission per annum

Backed by our new parent, the Bank of N.T. Butterfield and Soo Ltd., we are engaged in a major expansion of our private client division. We seek a limited number of highly motivated private client executives to join our management team.

This is a challenging opportunity for individuals or small teams of professionals with a proven client base to join a well established and expanding organisation with international backing.

For a confidential preliminary discussion, contact: Grant Hall, Chief Executive



**Seymour Pierce Butterfield Ltd.**

10 Old Jewry, London EC2R 3EA  
Tel: 01-628 4981

# CORPORATE STRATEGY

At the centre of one of the UK's major enterprises  
to **£40,000 + car**

THIS APPOINTMENT is as a member of a small high-level corporate strategy team that reports direct to the Chairman of one of the country's largest and best-known enterprises. The business is undergoing major change - directed at achieving its objective of becoming the world leader within its sector. The strategy team plays a key role in advising the Chairman and the Board on the direction of those changes and on implementing and monitoring their effects.

Candidates are likely to be graduates in their early 30s, with a post-graduate business qualification from a leading UK or overseas school. They will have at least three years' top-level business strategy and financial analysis experience within a large and complex international industrial or commercial company - or possibly with a consultancy, a merchant bank or venture-capital organisation. Experience of evaluation of mergers and acquisitions would be particularly relevant.

The appointment provides scope for a highly pro-active and creative approach to the strategic planning process within a receptive and dynamic environment - substantial future career opportunities into senior line or staff appointments will almost certainly arise.

To apply, please send a brief cv, in confidence, to Mike Brown, Ref: 2899/MAB/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE, or telephone him on 01-235 6060 for an informal discussion.

**PA Consulting Group**

HUMAN RESOURCES

Creating Business Advantage



## Corporate Finance Merchant Banking Managers & Executives

The Corporate Finance team of Samuel Montagu continues to go from strength to strength and by any yardstick is one of the most successful in the City. Recent transactions include:

- British Steel** - advisers to HM Government on the largest (£2.5bn) UK public flotation of an industrial company
- Mecca** - successful £750m contested bid for Pleasurama
- Coloroll** - £94m disposal of the cloth and clothing interests of the John Crowther Group
- Maxwell Communication Corporation** - UK advisers on the successful US\$2.6bn bid for MacMillan Inc. and the US\$750m acquisition of Official Airline Guides
- BUPA** - acquisition of Sanitas, the largest health care company in Spain

As part of our planned expansion, including into Europe, we now seek additional top calibre individuals at two levels:

- Managers** with 2-4 years' corporate finance experience in a Merchant Bank or Stockbroker, probably following a qualification in accountancy or law.
- Executives** in their early/mid 20's either with a relevant professional qualification and/or with at least 12 months' corporate finance experience.

Applications from individuals with other backgrounds with experience which would be directly applicable in a corporate finance environment are also welcomed; the likely age for such applicants is late 20's.

For one particular vacancy, fluency in German would be a significant advantage.

Applications, which will be treated in strictest confidence should state the level of vacancy applied for and be sent to I.A.N. McIntosh, Deputy Chief Executive.

### Samuel Montagu & Co. Limited

10 LOWER THAMES STREET, LONDON EC3R 6AE  
Part of Midland Montagu, the international and investment banking arm of Midland Group

Mergers & acquisitions, leveraged buyouts: their success depends as much on high quality research as financing. The ability to gather and analyse information and generate innovative ideas for our clients, has made Bankers Trust a major force in Corporate Finance. It calls for research that is always one step ahead of the field.

## Industry Analyst

Generating innovative ideas for action.

As a senior member of a small team of professionals, you will take responsibility for both on-going research into identified target industries and companies, primarily covering the U.K. and Continental Europe, together with ad hoc projects. You will work closely with client managers and product specialists developing proposals to present to clients.

You should have at least 5 years' relevant experience in industry or management consultancy or as a brokers analyst, including some European industry research. A graduate, with an accounting qualification, you will have proven analytical skills and a track record in developing successful ideas for industries which are restructuring. A knowledge of the real estate industry, while not essential, would be an advantage. The ability to communicate effectively both in writing and verbally with all corporate levels is essential.

This position offers both the opportunity for career development in one of the most successful global merchant banks, as well as an attractive salary and benefits package, including significant bonus potential.

Please write, enclosing a CV, to Alison Hills, Human Resources, Bankers Trust Company, 69 Old Broad St., London EC2P 2EE, or call her on 01 382 2266 for a confidential discussion.

 **Bankers Trust Company**



**BHF CAPITAL  
MARKETS LTD.**

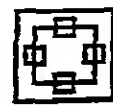
## FIXED INCOME SALES

BHF Capital Markets Ltd. is the wholly owned UK subsidiary of BHF-BANK, one of the largest German private banks.

Established in late 1987 as the multi-currency trading and sales unit of BHF-BANK's global investment banking operations, BHF Capital Markets Ltd concentrates on sophisticated services for institutional clients in all major fixed income markets.

The growth of our business and our plans for further expansion make it necessary to increase the size of our fixed income sales team. As a result, we are seeking experienced sales personnel with at least 3 years' background in UK institutional fixed income sales both to serve our existing account base and to enlarge it.

Please write with full details to:  
Personnel Department, BHF Capital Markets Ltd,  
61 Queen Street, LONDON EC4R 1AE



**Technical Data  
INTERNATIONAL**

Technical Data International is a successful Boston-based financial information services firm which is expanding its London operation in both sales and research.

### CHIEF CURRENCY ANALYST

As one of the leading financial information vendors we are looking for a creative and independent currency forecaster to assist in the development and maintenance of a new foreign exchange trading tool. The appropriate candidate will have worked in the Foreign Exchange markets for at least three years and have some experience in trading or analysing currency futures and options. He or she will also be familiar with forward hedging, technical trading and risk management. Additionally the candidate should have a knowledge of the activity of the 'major players' in the forex community and feel comfortable in an advisory capacity.

A very competitive package will be made available.

### MARKET ANALYST 17-20k

We are also looking for a young market analyst to join our 'ATLAS' international fixed income unit. The required candidate will have worked in debt markets, holding a position in sales, trading or research for at least one year, and should have a general familiarity with all major bond markets. He/she should have a basic knowledge of bond analysis, i.e. calculating rates of return, duration techniques, and yield curve movements. The candidate should allow for a certain amount of flexibility with working hours. An example of written work, be it a morning report, or any sample of recent bond analysis would be desirable but not necessary.

### SALES EXECUTIVE OTE 35k +

This position will focus on selling our advisory services to financial institutions in London. New business development and servicing major accounts will be your primary goals. The products you will be representing include ATLAS and BondData, two of Technical Data's state-of-the-art information tools for bond market professionals.

A solid track record is required, with financial markets experience a certain advantage. We are looking for a professional with initiative and drive to join our fast growing entrepreneurial team where success will be rewarded with a generous commission plan.

### TELEMARKETER 10-11k +

An opportunity for a recent graduate, probably aged between 20-25, has arisen to help support our firm's European sales and marketing efforts as a Telemarketer. Enthusiasm, initiative and willingness to learn are essential. An economics degree, or a financial markets background would be a big plus. This position offers exposure to key players in the financial services industry and has the potential to evolve into a full time sales role. An attractive salary, plus commission incentives, will be offered.

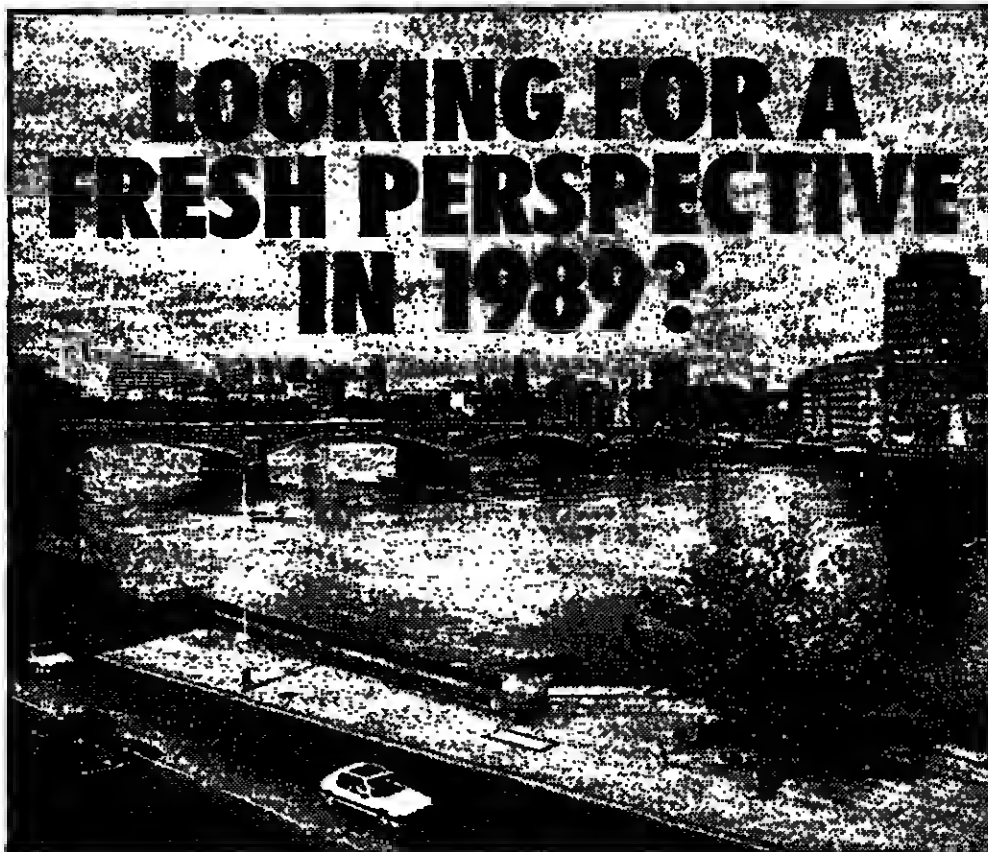
### SALES ADMINISTRATOR/SECRETARY 9-10k

As well as the positions mentioned above, we are seeking to fill a Sales Administrator/Secretarial position in the same fixed income analysis department of Technical Data. The ideal candidate should have excellent communication skills, along with a solid knowledge of word processing and secretarial skills. The position will involve screening telephone calls from overseas and UK clients, and dealing with queries that may arise. There will be a certain amount of database work involved and therefore the candidate should have some experience with using computers and database software.

Please send full CV's (plus any written examples, where necessary) for any of the positions mentioned above to:

Claire Hunting  
Technical Data International  
30th Floor, Centre Point Building  
103 New Oxford Street  
London WC1A 1DD.

## OVERSEAS INVESTMENT SPECIALISTS



Currently worth over £6 bn, the Electricity Supply Pension Scheme is one of the country's largest, with substantial UK and Overseas portfolios managed in-house. We are looking for a Fund Manager to work on the Overseas portfolio.

You should be able to demonstrate a successful record within the area of Fund Management, with sufficient experience or ability quickly to assume market sector responsibilities. You should have already the acknowledged skills of an investment analyst, including a talent for being able to write cogently on investment topics. For those who can match our requirements we offer a salary in the region of £25,000.

Please write with full CV and salary details to R. J. M. Gibson, Securities Investment Director, ESN Investment Management Ltd., 30 Millbank, London SW1P 4RD.

## ELECTRICITY SUPPLY PENSION SCHEME

Equal Opportunity Policy Applies

## CHIEF DEALER c £35,000

We are the UK subsidiary of one of the world's leading International Banks and wish to appoint an experienced Chief Dealer to head our Dealing Room team.

Based in our London Head Office, the successful applicant will be responsible for the effective management of the Bank's FX and Money Market operations as well as fixed interest investment and securities trading.

As a member of senior management, the person appointed will assist in the formulation of policy and will be expected to make an active contribution to the future development of the Bank.

If you have already established your credentials as a successful Chief Dealer, and wish to apply for this post, please send your CV with a covering letter to:

The Personnel Manager  
P O Box 2AF  
London W1A 2AF

## Branch Manager

International Bank - North West  
Attractive salary + car + benefits

Our client is a major banking force worldwide offering a wide range of specialised services to corporate customers. They have been established in the UK for two decades. You will be responsible for managing and developing the bank's business in the North of England and Scotland, advising both British and foreign companies interested in trading with or investing in Israel, and Israeli companies interested in the UK market.

Aged between 35 and 45, fluent in both Hebrew and English, you will probably be an economics graduate with an MA in Business Administration. It is essential that you have 10 years' senior banking management experience and are familiar with both the banking system and the industrial sector in Israel and also with the Bank of Israel's regulations (foreign currency control law, etc.).

In return for your ability and commitment, an attractive salary and full banking benefits are offered. To learn more about this key role, please send brief details - in strict confidence - to Stan Layzell, reference 85022, MSL International, Sovereign House, 12-18 Queen Street, Manchester M2 9HS.

Offices in Europe, the Americas, Australasia and Asia Pacific

 **MSL International**

## ECONOMIST/FINANCIAL ANALYST

The London branch of one of the largest and most prestigious Japanese Banks has recently established a team of economists to complement its resources in Tokyo and New York. The team is responsible for monitoring and forecasting economic developments in Europe and evaluating movements in financial markets. Foreign exchange, cash markets and off-balance sheet instruments are of particular concern.

We are now looking for a fourth economist to join the team. He/she will provide advice and daily commentaries to dealers and economists, based on proven experience in technical analysis, tempered by sound economic judgement and familiarity with the priorities and actions of policy-making bodies.

He/she should ideally be under 30, a graduate, preferably with experience in econometrics and currently working in a market related environment.

A salary and benefits package commensurate with this position is offered.

Applications should be made by submitting a Curriculum Vitae stating experience, salary and personal details, together with a covering letter to:

The Recruitment Co-ordinator,  
Box A1099, Financial Times, 10 Cannon Street,  
London EC4P 4BY

## FOREIGN EXCHANGE CONSULTANCY

### THE POSITION

Provide advice on money markets and the management of foreign currency positions to multinational corporations and commercial banks. You will be backed up by extensive computer software used for identifying market trends as well as a wide range of financial services relating to information distribution and back-office work. The work includes marketing and travel throughout Europe.

### QUALIFICATIONS

Openings are available for a junior and a senior consultant. Ideally, you should have a degree in finance or economics and work experience relating to foreign exchange or international treasury operations. Fluency in a foreign language would be highly desirable. This is an ideal position for a "self starter" who can work independently.

Please send a detailed C.V. to:  
Mr. D.R. Lewis  
Fintech (U.K.) Ltd  
14 High Street  
Windsor  
Berkshire SL4 1LD

## SENIOR CORPORATE BANKER MANCHESTER BASED

Edingon plc, a Manchester merchant bank, which is a member of the Henry Cooke Group plc, is seeking a senior banker to help service the growing business of the banking division. Reporting to the Banking Director, the candidate should have proven marketing experience to large private companies and their preparation and review of legal documentation.

The candidate should be able to demonstrate an ability to structure and close profitable and credit worthy transactions.

It is likely that suitable candidates will be over 30, with a degree or professional qualification, and have less than three years' experience in a commercial bank.

An attractive salary is offered, and career prospects should prove excellent for the right candidate.

Please send a brief CV to Don Hammond, Director Edingon Plc, No 1 King Street, Manchester, M2 6AN.

**HENRY COOKE GROUP**

هكذا صنع القليل



Handwritten note: *Handwritten text in a box at the top of the page.*

**CJA RECRUITMENT CONSULTANTS GROUP**  
 3 London Wall Buildings, London Wall, London EC2M 5PJ  
 Tel: 01-588 3588 or 01-588 3576  
 Telex No. 887374 Fax No. 01-256 8501

Outstanding opportunities in the corporate debt area

**VALUATION AND STRATEGY ANALYSIS IN MEZZANINE FINANCE**

**CENTRAL LONDON SPECIALIST FINANCING UNIT PACKAGE £35,000-£75,000 PLUS CAR**

Our client seeks to appoint two individuals to a closely-knit team specialising in transactions for companies looking for alternative ways of financing, with an emphasis on debt. These two positions will make critical contributions to the overall analysis of corporate financings. The first person may be working in the equity research or equity investment management areas. This experience will enable the selected candidate to provide effective assessments of the values of companies and businesses through various technical methods including cashflow analysis. The other individual, a graduate, will be working in a highly practical research analysis role with any organisation closely involved in consulting, corporate finance or in business intelligence research where they will have gained a thorough knowledge of industrial competitive strategy. This second person will examine company business plans and determine their viability in the context of their economic and industrial environment. Important to both positions is the ability to conduct analysis over a wide range of industries and businesses. Packages, based on high base salary and bonus will be negotiable in the range of £35,000-£75,000 plus car. Applications in strict confidence, under reference VSA21859/FT, will be forwarded, unopened, to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJA.

**CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.**

**Davy**

**STRATEGIC PLANNING EXECUTIVE**

London **£30,000 - £35,000 and Car**

**DAVY CORPORATION** is an international engineering group employing more than 10,000 people worldwide. The Davy McKee Companies undertake design, manufacture, engineering, project management and construction for a wide range of industries. Davy Engineering Industries design and manufacture mechanical handling systems, forgings and rolls and provide a range of industrial services. A Monk Ltd is a major building and civil engineering contractor.

For this appointment, to work within a small, dynamic corporate planning and acquisitions team, we invite applications from graduates aged 23-32. The ideal candidate will have a strong background in economics with an ACA or MBA, but applicants with a similar background will be considered. Relevant industrial experience is necessary.

Reporting to the Corporate Planning Manager, responsibilities are to help in the development of corporate strategies with particular emphasis on the economic and market aspects. The work will also include significant involvement in the areas of acquisitions, divestments and financial analysis and will entail close liaison with senior management throughout the organisation. Key to the success of this appointment are strong management and negotiating skills, an enquiring mind and the ability to achieve objectives with little supervision.

Initial remuneration includes salary and bonus, £30,000 - £35,000, contributory pension, life assurance, free private medical cover and assistance with relocation if necessary.

Applications in strict confidence to: Tom Bradbury, Management Development Adviser, Davy Corporation plc, 15 Portland Place, London W1A 4DD. Tel: 01-637 2821.

**Davy** Davy Corporation plc

**Reinsurance Bureau-Manager Designate**

Promoting and co-ordinating Reinsurance activities Worldwide

Manchester based c. £25,000 initially

Our client, a major UK insurance organisation, plays a pivotal role in the co-ordination of reinsurance activities, promoting and encouraging the exchange of reinsurance business between similar organisations through an International Bureau.

Within its structure it contains the Secretariat for this bureau, providing technical and administrative support on a wide range of reinsurance issues. The bureau is looking for a reinsurance professional to move initially into the number two role, but designated for the manager position within a fairly short period. Operating primarily on his/her own initiative and reporting to the Secretary, the Manager is required to take day-to-day management responsibility for the Secretariat and its small team and act as consultant to and intermediary between member organisations, who collectively exchange annual reinsurance premiums of around £36m. The work will necessitate up to three months' overseas travel each year.

The role demands an ACII, preferably of graduate level with at least five years' reinsurance experience, of which two or three years have included a marketing bias. Excellent verbal and written skills, ideally including fluency in French or Spanish, are essential for this key 'ambassadorial' role and will complement a high degree of numeracy and a fundamental grasp of the principles of statistics and accounting. A friendly and communicative disposition must combine with first-class health. Experience of overseas travel is desirable.

Initially, salary will be around £25,000 per annum, but will increase upon appointment to the position of Manager. An attractive contributory pension scheme is available and relocation expenses will be paid where appropriate. A car can be provided as part of the total remuneration.

Please write in the first instance, including full personal and career details and quoting ref. FPM 844, to Peter O'Connor, Regional Director, Austin Knight Selection, (Confidential Reply Service), 98 King Street, Manchester M2 4WD.

Replies will be forwarded directly to the client. Please list in a covering letter any companies in which you are not interested.

**Austin Knight Selection**

**Shepherd Little & Associates Ltd**  
 Banking Recruitment Consultants

**MARKETING MANAGER To £45,000**  
 Our city-based top name client is looking for a senior manager to set up its marketing team and develop its strategy. Applicants must currently be in a prime name city bank running a marketing team with a sound knowledge of commercial products i.e. loans, FX, deposits, leasing, etc. He/she will specialise in marketing to the top 1,000 companies. Ideally applicants should be graduate educated and aged 30s to mid 40s.  
 Please contact Christine Claxton

**SENIOR MANAGER, CREDIT To £35,000**  
 A senior Credit Manager, aged 33-40 is sought by a top name City bank. They are looking for someone who is currently in a similar role with a top city bank and who has the potential to progress to a more senior management role. The position will involve all aspects of credit, much of which is of an investigative nature, together with substantial man-management responsibilities.  
 Please contact Christine Claxton

**CORPORATE DEALER £30,000 + car**  
 A leading City firm, with an enviable and growing reputation in the corporate treasury field, will be continuing its growth in 1989. Competitive, ambitious and confident business developers should have a wide knowledge of the products available in today's money markets and aspire to dealing with some of the biggest names in the business world. An additional position is open to anyone who is fluent in one or more European languages.  
 Please contact David Little

**TRADE FINANCE MARKETING - COMMODITIES £30,000+**  
 A trade finance marketing officer who has considerable knowledge of the commodities market is sought by a City based European bank. The position will involve marketing the bank's range of finance products to UK corporates and the major commodities houses - both existing and potential customers. Candidates must be able to demonstrate a high level of expertise and have a proven track record in this field.  
 Please contact Caroline Huddart

**MANAGER BOND SETTLEMENTS £25,000+**  
 As a result of internal transfer one of the world's largest securities houses is looking for a skilled man-manager to take control of its bond settlements team (twelve to fifteen staff). With an impressive book, powerful backing and ambitious growth plans, they expect to recruit a competent professional who is used to a computerised environment, with broadly based experience that should include exposure to treasuries, Europeans and custody.  
 Please contact David Little

Ridgway House 41/42 King William Street London EC4R 9EN  
 Telephone 01-626 1161

**SENIOR BANKING APPOINTMENTS**

SENIOR UK MARKETING MANAGER	MAX AGE 35	SALARY TO £45,000 p.a. MAX
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International bank of repute seeks senior manager, probably of graduate status, who has marketed a full range of sophisticated commercial banking products common to a US or UK merchant bank. Experience of marketing to UK top 500 companies essential and US credit training highly desirable. Initially cold calling to expand the client base, the responsibilities and marketing spend the client base, the responsibilities and marketing staff under control will ultimately increase with significant promotional prospects in the bank.

MANAGER PROPERTY/PROJECT FINANCE	MAX AGE	SALARY TO £37,000 p.a. BONUS & SIGNIFICANT BENEFITS
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Highly regarded international bank seeks banking property specialist to cover developments across the board from residential to large office complexes in UK and abroad. Candidates should be of graduate status and will have been involved at some stage with other aspects of asset based project finance.

MANAGER BUY OUT FINANCE	MAX AGE 35	SALARY TO £37,000 p.a. AND ADDITIONAL INVOLVEMENTS
-------------------------	------------	--

Prestigious international bank seeks candidates, graduate status, who is part of a recognised buy out (principally U.K.) team and now has the ability to take a leading role with a triple A commercial bank to recommend policy concerning significantly sized deals. A wide range of cash flow analysis would be an advantage.

**LJC BANKING APPOINTMENTS**  
 Devonshire House, 146 Bishopsgate, EC2M 4JX.  
 01-377 5040

**BOND SALES - NEW OPPORTUNITIES FOR YOUNG PEOPLE**

Eurobond Salespersons Junior/Middle Management Level	20s max 32	£20,000 to £50,000 p.a.
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Several clients in course of expanding their bond sales activities in 1989 wish to recruit additional people, minimum 18 months maximum 3 years' bond sales experience gained in a market making securities house (fixed interest products) : US dollar, sterling, DM and yen. Languages useful but not essential.

A further person is sought with fluent Italian to cover Italian institutional sales as also an experienced German speaker with an established client base in various German speaking areas.

UST Bond Dealer	20s	£40,000 p.a. neg.
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Fully experienced US treasury bond dealer sought by well-established international bank. Minimum 2 years' experience required.

All the above positions are with respected names in the market and offer first-class opportunities for career progression.

Please speak with Elizabeth Hayford on or write to her at:

**LJC BANKING APPOINTMENTS**  
 Devonshire House, 146 Bishopsgate, EC2M 4JX.  
 01-247 0271

**INTERNATIONAL BANKING TRADE FINANCE - EUROPE**

London office of leading international bank wishes to appoint a senior manager to take responsibility to develop/expand the bank's trade related business in Europe. Candidates must have a proven track record of marketing trade finance products in continental Europe, likely to be aged between 30 - 40, and should be currently working in a major European, U.S. or U.K. commercial bank. Previous American bank experience and language skills in French and German would be an advantage. The remuneration package includes a competitive salary, executive car and other benefits associated with a senior appointment in international banking.

Please apply in confidence with full career details to:  
 Box A1092, Financial Times, 10 Cannon Street, London EC4P 4BY

**Japan Recruitment**

Japan Recruitment has a large and varied client list which includes major Japanese and non-Japanese financial institutions. We are interested to hear from applicants with financial and commercial experience and preferably their own client base.

We are also interested in hearing from Japanese nationals with financial experience who would like to discuss the opportunities for obtaining employment in either London or Japan.

Please contact: William Franklin, Japan Recruitment, Plantation House, 31-35 Fenchurch Street, London EC3M 3DX. Tel: 01-621 0648

**Eurobond Sales Professionals**

IBJ International, the investment banking subsidiary in London of The Industrial Bank of Japan, is a leader in the underwriting of eurosecurities and market maker in eurodollar, euroyen, canadian dollars, FRN and other instruments.

We are seeking experienced eurobond sales professionals to join our sales team. To meet our requirements you will have a number of years experience gained in an established eurobond sales team. You will also have a well developed client base within Europe, although other geographical areas will be considered.

To succeed in this position you will be well educated, a team player and have a strong drive to succeed.

In return for the above requirements, we are able to offer a salary package which is designed to attract and motivate high calibre professionals.

If you are interested in taking up the challenge we are offering please telephone Ian Matheson on 01-236 1090 or write to him at:

**IBJ International Limited** Bucklesbury House, 3 Queen Victoria Street, London EC4N 8HR.

**KAUSALLIS-OSAKE-PANKKI LONDON BRANCH**

KANSALLIS-OSAKE-PANKKI, based in Finland, is one of the foremost banking groups in the Nordic Region and enjoys a AAA credit rating.

As a result of continued expansion of the successful Treasury and Trading Division of London Branch, we now look to employ three additional Traders on the Money Market Desk.

<b>STERLING DEPOSIT DEALER</b> An individual with 2-3 years experience of running a sterling deposit book in an active trading environment is currently sought. Experience of CDS and all hedging instruments is essential and an ability to enhance the quality of earnings is desirable.	<b>DLR FRA TRADER</b> A trader with 2-3 years experience of running a US Dir FRA Book and active in a market making role, is required to join an already successful and highly professional FRA desk.	<b>FUTURES TRADER</b> An individual with 2-3 years trading experience on LIFFE and in Chicago, is required to augment an active and profitable futures presence. Whilst the candidate is expected to focus on sterling based instruments, experience in all contracts is preferable. Technical skills would be an advantage.
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**KANSALLIS-OSAKE-PANKKI LONDON BRANCH**  
 MEMBER OF THE KANSALLIS BANKING GROUP  
 Kansallis House, 80, Bishopsgate, LONDON, EC2M 4AU  
 Please write to: Miss D-J. Hum - Personnel Manager

**PHILADELPHIA NATIONAL LIMITED**

**TREASURY/EUROBOND MANAGER**

Philadelphia National Limited, a wholly-owned subsidiary of The Philadelphia National Bank, requires a self-starting, innovative individual with an understanding of money market and capital market instruments and off-balance sheet vehicles (such as interest rate swaps, futures, and FRAs) to act as Treasurer and Manager of Eurobond investments. The individual will manage the Bank's interest rate exposure and Eurobond portfolio and work with its asset distribution unit to structure synthetic assets and source Euro securities to meet customer needs.

The successful applicant will have at least five years of Treasury or related experience and strong analytical skills (including use of interest rate risk management tools). The applicant should also be attracted by the prospect of joining a small team driven by customer needs and willing to take on the variety of roles implied by the size of our team.

The remuneration package will reflect the importance which a conservative but forward-looking institution attaches to this position in today's rapidly changing financial markets.

Reply with your compensation requirements to:  
 Manfred W. Neie, Associate Director, Philadelphia National Limited, 3 Gracechurch Street, London EC3V 0AD

**Unit Trust Marketing**

N M Rothschild Asset Management Limited is seeking an Executive to join its Marketing Department which offers a range of investment products and services to professional advisers.

Ideally aged 25-35, you should have gained experience in the investment industry, either in the private client office of a stockbroker or marketing with a unit trust company. The ability to communicate effectively and a positive outgoing personality will be prime requirements.

Working in a small team, you will mainly promote onshore and offshore unit trusts. There will be some travel within the UK.

We offer a competitive remuneration package with normal banking fringe benefits and the prospect of career development for successful performance.

Please send full curriculum vitae, in strict confidence, to:

The Personnel Manager  
 N M Rothschild Asset Management Limited  
 New Court  
 St Swithun's Lane  
 London EC4P 4DU.

**N M Rothschild Asset Management Limited**



# IMPRESSIVE CAPABILITY

# CORPORATE FINANCE MANAGER

**c.£45,000**  
**Car**  
**Generous Bonus**  
**Mortgage Subsidy**  
**Other bank benefits**

...is the essential characteristic sought by my prestigious client, a growth oriented bank, for a position which combines both influence and potential.

Motivating a small team of high calibre professionals, you will be responsible for providing a range of corporate services in areas such as listings, flotations, mergers, acquisitions, MBOs and ad hoc assignments. There is an emphasis, but not an exclusive one, upon UK work in respect of which you should be able to offer particular expertise.

The bank has an established City presence and a client portfolio embracing medium to large sized corporations, both in the UK and overseas. Wide autonomy and effective strategic planning are essential components of its continuing growth and success.

If you are confident that you can demonstrate the impressive capability required for this role, please write enclosing a CV or telephone for a personal history form to Angela Britton - Manager, Banking and Finance Division, quoting ref. 5215.



RECRUITMENT SELECTION & ADVERTISING  
 EXECUTIVE CONNECTIONS

43 Eagle Street  
 London WC1R 4AP Tel: 01-242 8103

## Shepherd Little & Associates Ltd Banking Recruitment Consultants

**PROJECT ACCOUNTANT To £40,000 + car**  
 For a major City bank, you will take responsibility for the implementation of a new Management Information System. Candidates should be Chartered Accountants with several years' banking experience and a bias toward new systems development.  
 Please contact Brenda Shepherd or Simon Pope.

**CHIEF ACCOUNTANT c£35,000 + car**  
 Due to restructuring this is a new position reporting to the Financial Controller of one of the largest European banks in the City. They seek a Chartered Accountant with banking experience aged in his/her thirties, to take charge of all the main accounting activities including all statutory reporting, management accounts and management information.  
 Please contact Brenda Shepherd or Simon Pope.

**MANAGER - FINANCIAL ADMINISTRATION £35,000**  
 A City based international bank is seeking to expand its financial administration area. They wish to recruit a senior person who will take overall responsibility for the control of all accounting functions. Duties will involve the development and implementation of accounting procedures for a large number of treasury related products. These will include FRAs, IRS, Futures, Options, Spot and Forward transactions. Managing a team of 6, other responsibilities will include production of management accounts, regulatory reports and tax planning. A knowledge of Koptil Software will be an advantage.  
 Please contact Keith Snelgrove.

**MANAGEMENT ACCOUNTANT To £28,000**  
 For this large international bank you will take charge of all the management accounting functions by working closely with all the key managers in the business. They seek candidates with a professional accounting qualification probably aged in his/her late twenties with ability to adapt quickly to a banking environment and the potential for future advancement.  
 Please contact Brenda Shepherd or Simon Pope.

Ridgway House 41/42 King William Street London EC4R 9EN  
 Telephone 01-626 1161

## The 1992 National Garden Festival Ltd. PROJECT DIRECTOR Circa £30,000 p.a. + benefits - South Wales

A Project Director is required for what will be the United Kingdom's most prestigious leisure event of 1992.

Reporting to the Chief Executive, he/she will have the responsibility of leading the team which will develop the design of the Festival, and ensure that it is built to time, to specification and to budget.

Applicants will need to demonstrate wide project co-ordination experience, qualities of personal leadership, a high degree of motivation and identification with the key objectives of the Festival.

The appointment will be for a fixed term to 31st December 1992.

A more detailed job description may be obtained by telephoning (0495) 350198.

Applications should be sent to the following address to arrive by 27th January 1989 annotating the envelope "Project Director", The 1992 National Garden Festival Limited, Company Office, Victoria, Ebbw Vale, Gwent, NP3 6UF.

We are an Equal Opportunities Employer.

### COMPACT PROGRESSIVE LONDON BANK with a Middle East Connection and Strong Shareholders wishes to fill two Management Positions

#### 1. OPERATIONS AND ADMINISTRATION MANAGER/COMPANY SECRETARY

Full responsibility for accounting and financial reporting. Overall responsibility for computer system (IBM38/KAPITI) and personnel, in conjunction with department heads. Responsible for Bank of England and V.A.T. returns, Budget forecasts, Settlements, and routine aspects. As Company Secretary will attend London Board meetings and ensure statutory reporting requirements are complied with.

This is a key position reporting direct to the GM.

#### 2. CREDIT DEPARTMENT MANAGER

Managing and directing 4 staff. The Credit Manager must be well-experienced in credit analysis and loan administration. Will maintain close links with borrowing customers including UK corporates. An element of marketing is required. Most lending is trade finance oriented or short term. Report to AGM.

A competitive package of salary and benefits is offered for both positions. Applicants should write enclosing a full C.V. and present remuneration to:

Box A1096, Financial Times, 10 Cannon Street,  
 London EC4P 4BY

### UK/LEASING/ ASSET FINANCE

Director Leasing UK Big Ticket Neg £80-£80,000 + benefits. Team leader and motivator for this prime merchant bank.  
 Finance Director Sales Afd/MSP to £45,000 + benefits. An ACA with extensive small ticket leasing experience.  
 Leasing Accountant ACA to £30,000 + benefits. Several years leasing accounting, tax, admin etc.

Graduate Banker - Leasing Admin to £22,000 + benefits. Several years big ticket lease evaluations, documentation, marketing potential is essential.

### ASSISTANT DIRECTOR FIXED INTEREST SALES

Our client, an active participant in the international capital and bond markets, is seeking a high calibre sales executive, most probably a graduate who has had particular experience in US Dollar products, US Treasuries and German Bunds sectors. Salary neg c£50,000 plus benefits.

### TRADE COMMODITIES ACCOUNT OFFICER

Our client, an active bank is expanding its financial division and seeks a person with a high level of expertise in commodities trade finance marketing together with a proven track record. Salary c£30,000 plus benefits.

### SENIOR UK MARKETING

We have two vacancies for dynamic deal orientated graduate bankers who can prove success to date in the marketing of wholesale financial services to major corporate clients. Product mix should include Swaps, MBO's, LBO's, M&A, Leasing, in addition to traditional lending. Age range 30-40 years. Salary range neg AAE c£35-50,000 + benefits.

### FOREIGN EXCHANGE DEALERS

A Senior Spot dealer - 3 years experience on DMK, Yeri and Cable plus the ambition to progress is required by an international bank expanding the dealing team.

ALSO

Several bright young dealers (c20-24) with an active dealing record for a minimum of 1 to 2 years. Salary £20-£30,000 plus benefits.

### ACCOUNTANCY

Dynamic No 2 ACA/ACCA - with several years major bank accounting experience - to £32,000 plus benefits.  
 Accountant - Part Qualified with banking experience for new European bank - neg £25,000.

Chief Accountant ACA/ACCA - Full accounting function for expanding European bank - to £30,000.  
 Accounts/Company Secretary - ideally qualified for this small European bank - to £30,000.

OLD BROAD STREET BUREAU LTD  
 STAFF CONSULTANTS

65 London Wall, London EC2M 5TU  
 Tel: 01-588 3991, Fax: 01-588 9012

## Fenwicke Appointments

### DEVELOPMENT ANALYST

**INTERNATIONAL BANKING OPERATIONS circa £25,000**  
 A major international banking organisation is seeking to strengthen its management team due to current developments within its operations sector.  
 The position would suit an enthusiastic individual seeking early promotion within a dynamic banking environment. Educated to degree level, possibly with an MBA or accountancy qualification, the candidate must be able to demonstrate strong analytical skills and financial awareness.

**GRADUATE BANKERS circa £25,000**  
 Our client, a leading international Securities House, is seeking to expand its new product team. Candidates should be university graduates, possibly part-qualified accountants, and will ideally have a working knowledge of Capital Markets products. Applicants should be FC literate, together with a strong academic background and the ambition to succeed in a dynamic financial environment.

### MANAGER - LOANS £20,000

A career opportunity has arisen within a progressive international bank for a Loans Manager. The position involves the day-to-day running of the department together with handling increasing volumes of new business.  
 Applicants will possess a strong background in Loan Administration coupled with proven management skills.

Please send full c.v. or telephone for further information:

Anne Fenwicke, Gill Fennelton or Judy Elmes

Fenwicke Appointments  
 11 Well Court, London EC4M 9DN  
 Telephone: 01-329 4452

## ENERGY REPORTERS

TELERATE is a world leader in providing real time financial information by means of a global network which operates in more than 65 countries.  
 TELERATE is currently expanding its energy service and wishes to appoint additional ENERGY REPORTERS.

These positions involve gathering, assessing and validating information from the oil market, prior to release of reports on the system.

A high level of customer contact, both by telephone and in person, is required. Suitable applicants, preferably with an economics based degree, commodity market or journalistic experience, are invited to develop this demanding and rewarding role within a team environment.

The salary package reflects age and experience and includes all large company benefits.

For further information, please forward your current CV to:

Miss T Hill, Recruitment Officer, TeLERATE (U.K.) Ltd,  
 Windflower House, 12-15 Fetter Lane, London EC4A 1BR  
 Telephone: 01-583 0044



An Equal Opportunities Employer.

No Agencies.

### MARKET OPPORTUNITIES

Senior Private Client Manager - Ideally you will possess management ability, have experience of strategy formulation, knowledge of US and European equities and a minimum of 8 years' experience.

UK Equity Sales - Our clients leading City institutions, require specialist Equity Salesmen with a minimum of 2 years' experience.

Senior UK Equity Sales - A major City institution, expanding in 1989, require Senior Equity Salesmen with proven managerial ability and a minimum of 10 years' experience.

Equity Research - Leading City House require Equity Analysts with experience in any of the following areas: property, insurance, financials, food, retail analysis. Sales ability an asset. Highly negotiable package.

Traded Options Sales - Expanding international House require innovative and entrepreneurial UK Equity Traded Option Salesmen. Minimum of 3 years' experience required for this highly lucrative position.

Gift Finance Broker - Major UK bank expanding its capacity within a gift finance market, require individuals with considerable client exposure with a particular bias on hedging strategies.

LLERE, Personnel - Fit Traders and Booth Personnel with a minimum of 18 months' experience on short sterling T. bonds and Eurodollars required for City institutions.

All the above positions carry highly negotiable packages.

Contact: MIKE BRENNAN/SEAN THOMPSON (01) 430 1551/2653 or write to:  
 Dulcie Simpson Appointments, 9 Brownlow Street, Holborn, London WC1V 6JD

DULCIE SIMPSON APPOINTMENTS - DULCIE SIMPSON APPOINTMENTS

### MONEY BROKERS

A small company of Money Brokers seeks experienced and self-motivated personnel in order to expand.  
 A European language would be an advantage.

Write, in confidence, to:  
 The Managing Director  
 EDMONDSTON-LOW &  
 COMPANY S.A.  
 L-2121 Luxembourg

### FINANCIAL SERVICES

3 Sales professionals to join successful team

GTE £25,000  
 (Average Earnings 1988 £18,600)  
 Comprehensive Training and support  
 Age 25 - 45  
 Central London office:  
 Contact: Sue Barker - 01-734 0070  
 or write to: N.S. Schwab Financial  
 Management Limited  
 13-17 New Burlington Place,  
 London W1R 1FA  
 Ref: SW/89

### FOREX APPOINTMENTS

For Forex, Capital Markets and Treasury appointments consult a specialist agency

Terence Stephenson  
 Prince Rupert House  
 9-10 College Hill,  
 London EC4R 1AS  
 Tel: 01-248 0283

### PRIVATE CLIENT STOCKBROKING

Seymour Pierce Butterfield has two openings in our expanding Private Client Division.

## Junior Account Executive

with not less than four years' experience

## Directors' Assistant

with not less than one year's experience

Candidates, who should have a first-rate educational background, should be aged under 30 and have qualified (or will shortly qualify) as a Registered Representative. These posts offer excellent prospects for early individual responsibility and further advancement within the firm. Contact in the first instance: Jeremy Lewis, Joint Managing Director.



Seymour Pierce Butterfield Ltd.  
 10, Old Jewry, London EC2R 3EA  
 Telephone: 01-628 4981

## FINANCIAL FUTURES SPECIALIST

The Futures Brokerage Subsidiary of a major U.S. corporation seeks an experienced individual to join its London office as a member of its Financial Futures team.

The successful candidate will have a good working knowledge of options. Excellent communication skills are essential as you will be responsible for generating new business and brokerage. This is an exceptional opportunity for a professional with at least three years' experience in futures or related cash markets.

The remuneration package and benefits reflect the seniority of this position.

Please reply in strict confidence to:

Box A1100, Financial Times, 10 Cannon Street,  
 London EC4P 4BY. No Agencies.

## HEAD OF INFORMATION SYSTEMS

Our client, a major international trading bank, requires a head of information systems to develop and implement a global information systems strategy.

Personal qualifications: Graduate aged 30+, with thorough DEC VAX experience and excellent management skills.

Remuneration package: Very attractive salary with full banking benefits.

To apply, please write, enclosing a full CV, to the Managing Director:

MDL Management Destinations Limited  
 Imperial House, Dominion Street, London EC2M 2SA.  
 Telephone 01-638 7119 Facsimile 01-256 7863

### DEALING & BROKERAGE

TRADER O.B.S. 15-45K - BENEFITS  
 Client: A number of houses, British and International  
 Position: Senior Trading positions within Treasury: Trading all Derivative products.  
 Requirements: Experience of Interest Rate and Currency SWAPS in £, US\$ and A\$.

CAPITAL MARKETS ACCOUNTANT: £27K +\* Benefits  
 Client: Major International Bank  
 Position: Number two accounting role within the Division.  
 Requirements: Previous Accounting experience within Capital Markets, from Day-to-Day stocklisting up to Management Reporting.

TRAINER BROKER: 8K-18K  
 Contact: Sean Lord  
 The Rathbone Consultancy, Princes House, 77 Oxford Street,  
 London W1R 1RB

### FX Assistant Dealer

Excellent salary and benefits package  
 Leading Japanese Bank seeks FX position keeper aged around 20 to work as part of a developing UK team. Previous experience of running own position essential.

Please send CV in confidence to:  
 The Personnel Officer, Sumitomo Trust & Banking Co., Ltd., 62/63 Threadneedle Street, London EC2R 8BR

### PORTFOLIO MANAGEMENT COMPANIES

The London office of a major independent European group of international asset managers is seeking to acquire one or more UK based management companies and/or individuals with a substantial client base. If you are interested in joining a small and expansion-minded team of experienced professionals managing discretionary portfolios for primarily high net worth individuals please write to:

Mr Michael Wildg  
 Arthur Andersen  
 1 Surrey Street  
 London WC2R 2PS

Please indicate in your letter the names of any companies to whom you do not wish your name put forward.

Handwritten note: 10/1/89



INTERNATIONAL APPOINTMENTS

COMMERCIAL MANAGER (M/F) NETHERLANDS



CAYMAN ISLANDS

MANAGING DIRECTOR

The Bank of Bermuda Limited is an international banking, trust and investment management organisation with assets exceeding \$4 billion and 1,500 staff in eight locations worldwide.

We are looking for a Managing Director to develop and expand the activities of our Cayman Bank & Trust Company Subsidiaries. It is our intention to increase the size and scope of our activities in terms of marketing, administrative capacity, computer systems and staff.

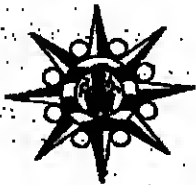
We are seeking an appropriately experienced and qualified person to manage this expansion using the worldwide facilities of the Bank of Bermuda Limited and its overseas subsidiaries.

The successful candidate should have ten years management experience in an international trust and/or private banking organisation. The ability to speak a foreign language, especially Spanish, will be a particular advantage. We will also be looking for professional qualifications in either the legal, trust, banking or accountancy fields.

An attractive salary plus benefits package will be offered commensurate with the experience, qualifications and ability of the successful candidate. Interviews will be held in Cayman, Bermuda or London early in 1989. Applicants should please submit their CVs by 1st January 1989 to:-

Mrs. Nea Roloff, Personnel Officer,  
The Bank of Bermuda Limited,  
Personnel and Administration Building,  
Gorham Road, Hamilton, Bermuda.

Tel: 800-295-4000 extension 3320  
Fax: 800-295-3814



**The Bank of Bermuda Limited**  
Incorporated in Bermuda in 1980

بنك الكويت وآسيا  
KUWAIT ASIA BANK EC

Invites applications for the following positions  
SENIOR BANKING APPOINTMENTS  
US\$ 75,000 TAX FREE PLUS PERKS



Kuwait Asia Bank E.C. founded in March 1981 and registered in Bahrain as an offshore bank is looking for senior personnel to be based at Head Office. The primary emphasis of the Bank is to identify, promote, serve and participate in various banking, financial and investment activities on an international basis.

1) Senior Investment Officers

The successful candidates are unlikely to be aged under 30 and should possess either a Professional Qualification or a Masters Degree. The positions involve investment in small and medium sized companies in North America and Europe. In addition to familiarity with markets in one of these regions, the incumbents must possess well developed investment appraisal skills and thorough knowledge of modern financing techniques.

The roles are demanding since the incumbents will be responsible for all stages of the investment process from origination to final closure and will be expected to maintain close contact with investee companies.

2) Senior Credit Officers

Successful candidates shall be aged between 30 and 45 and possess a Masters Degree in Business Administration, Economics or Finance from a reputable school. At least 10 years commercial banking experience at senior management level is essential. The positions require superb marketing skills gained in banking or another financial environment plus excellent deal making ability. The roles also require executives to market effectively to major institutions, identifying prospects, making first class presentations and proposals. The successful candidates will therefore need to possess well developed communication and interpersonal skills as well as having the initiative and determination to originate and develop new products.

The rewards for these positions include a salary of US\$ 75,000 tax free plus fully furnished housing, children's education, annual air fare for family, relocation expenses where appropriate, free insurance and family health care. Please write with full CV as soon as possible to the following:

Senior Vice President  
International Division  
Kuwait Asia Bank E.C.  
P.O. Box 10401  
Manama, Bahrain

GENERAL APPOINTMENTS

DG BANK  
Deutsche Genossenschaftsbank

With the imminent establishment of the  
GERMAN FUTURES & OPTIONS EXCHANGE  
- Deutsche Terminbörse (DTB) -

the DG-BANK Deutsche Genossenschaftsbank, a leading member of the planned institution can offer first class opportunities to

Qualified Futures and Options Traders

as well as to

Experienced Settlement Staff

Successful candidates will be aged 25-35, with a dedicated and flexible approach to work and must possess the ability to communicate effectively within a small team.

Applications should be made by submitting a Curriculum Vitae (stating personal details and qualifications) work experience, salary and date of entry to:

DG BANK, Personnel Department, P.O. Box 100651, Am Platz der Republik, D-6000 Frankfurt/Main.

A Xerox Financial Services Company

FOREIGN EXCHANGE AND FIXED INCOME MARKET ANALYSTS

MCM, from offices in London, New York and Tokyo, provides financial information services to 1,400 organisations worldwide via Teletext. The services provided include fundamental technical analyses addressing the Foreign Exchange Markets and Fixed Income Securities (Cash, Futures & Options), plus news and analysis of Eurobond issues in both the primary and secondary markets. To expand/supplement these services, we are seeking four London-based Senior Analysts.

FOREIGN EXCHANGE ANALYST/INTERNATIONAL ECONOMIST

The candidate must be able to forecast and analyse European economic data and deduce its relevance to Foreign Exchange trading strategies, and will have a degree in economics, preferably at Masters level. Extensive contacts in the Foreign Exchange dealing community are essential.

FIXED INCOME ANALYST

The candidate must understand U.S. Treasury, Gilt and other major bond markets in terms of the objectives of dealers and the underlying economic fundamentals/market expectations which drive their decision making process. An ability to focus on short-term developments/trading signals is required. A graduate level degree in economics is desirable. Several years relevant market experience and a high level of dealer contact are essential.

FIXED INCOME TECHNICAL ANALYST

A substantial knowledge of a range of technical skills (bar charts, point and figure analysis, Computer parameters etc.) and an ability to maintain them on micro-computer systems is fundamental. A high degree of market sensitivity to rapidly deduce trading strategies based on these techniques is vital. An appropriate academic qualification to degree level is necessary. Knowledge of major European markets is essential. Membership of the Society of Technical Analysts would be a major advantage.

EUROBOND ANALYST

Critical attributes are journalistic capabilities for rapid reporting on the Eurobond market, and the ability to acquire timely, detailed information on new debt and equity issues. A broad knowledge of the European market is required but UK, German and Swiss issues are most critical. A high level of market contact (Syndicate, Trading, Sales) is required.

Good written and oral communication skills are vital, and a knowledge of major European languages would be an advantage.

We offer considerable scope for career development and job satisfaction. Rewards will be appropriate.

Please forward your CV to:

Malcolm Cook  
McCarthy, Cismati & Maffei Inc  
Hamilton House  
1 Temple Avenue  
Victoria Embankment  
LONDON EC4A 3HA



Financial Market Analysts

With a background in Foreign Exchange and/or Government Bond Markets and experience in short term market trend forecasting, candidates should enjoy producing regular analysis and reports for a large International client base.

In addition to your degree qualification in economics or statistics, training will be provided in Fundamental and Technical analysis.

A generous package is offered including a non contributory pension, full life insurance and permanent health insurance.

Analytical positions are for London, Frankfurt and Paris.

Please send a full C.V. and covering letter to Box A1091,  
Financial Times, 10 Cannon Street, London EC4A 4BY



International Institute of Tropical Agriculture  
Ibadan, Nigeria

DEPUTY DIRECTOR GENERAL-MANAGEMENT

IITA invites applications for the senior position of Deputy Director General - Management.

IITA is an international agricultural research institute in a world-wide consortium of 13 centres co-sponsored by the World Bank, Food and Agriculture Organization (FAO) and United Nations Development Program. The Institute has sub-stations and outreach programs in many countries of sub-Saharan Africa. IITA scientists work in partnership with national agricultural agencies to raise the productivity and income of small-scale African farmers, and thereby to increase food production in Africa.

IITA is governed by an independent Board of Trustees which includes distinguished scientists and leaders from around the world. The Deputy Director General - Management is one of three Deputy Directors General; the others are the Deputy Director General for Research and the Deputy Director General for International Cooperation. The Institute has an annual budget of \$30 million and it employs approximately 200 internationally recruited and 1200 locally recruited staff.

The Deputy Director General - Management is a key participant in the executive management of the Institute. He will report directly to the Director General and will be responsible for administrative operations, financial control and for physical plant services. Over 20 years IITA has developed an extensive physical plant that includes normal offices and laboratories plus the facilities to maintain independently a large residential community.

We are seeking candidates with high level management experience. The successful candidate is unlikely to be below 45 years of age, will have had experience of managing complex operations and will possess appropriate academic and/or professional qualifications. The candidate will have excellent communication skills in English and will preferably have knowledge of French and experience of working in the third world. This senior position provides an opportunity for an experienced manager to contribute to the resolution of one of the most serious problems of international development today.

The salary and benefits are competitive and include housing, personal car, assisted education, health insurance and annual home leave travel. The Institute is situated on an attractive 1000 hectare campus outside Ibadan and has excellent recreational facilities including its own golf course and medical clinic.

Applicants for the position of Deputy Director General - Management, are invited to send their curriculum vitae, date of availability, and names and addresses of three referees to Dr. Laurence D. Stille, Director General, c/o L. W. Lambourn & Co. Ltd., Carolya House, 26 Dingwall Road, Croydon CR9 3JE, England.

APPOINTMENTS WANTED

FINANCIAL INSTITUTION

Verbal outgoing energetic 24 year old with dual citizenship, seeks position with Financial Institution.  
• Bachelor's Degree in Accounting.  
• Licensed with see as registered rep and financial principal.  
• Two years experience/residing in Sales and Operations with Australian Brokerage Firm.  
Day telephone (212) 562 7774 (NEW YORK CITY)

COMPUTER LEASING:  
35 - 45K (OTE 50K+) Car + Benefits

Client: The market leader - profits increasing from 1986 (1.3m) to 1987 (1.7m)  
Position: Senior Executive promoting leasing packages to major institutions.  
Requirements: Previous experience of negotiations at the highest level for multi-million financial packages. Direct experience within the Leasing industry is not essential.  
Contact: Sean Lord,  
The Leasing Company,  
Premier House, 77 Oxford Street, London W1K 1RB

INTERNATIONAL APPOINTMENTS

URGENT: We are a young news agency specializing in industrial news and information. You are a PROFESSIONAL JOURNALIST, with prior job experience preferably in the field of technical magazines or professional reviews. You speak French fluently. Come and join our network of correspondents in Great Britain. Part-time jobs which can quickly evolve into full-time ones. Send a handwritten letter with C.V., photo and examples of your work to:

PRESSBOOK  
B.P. 22  
18110 ST-MARTIN-D'AUXIGNY (FRANCE)

CREDIT INSURANCE - AUSTRALIA

The Credit Insurance Association (Brokers) Ltd, Sydney, Australia are looking to appoint a senior person to be responsible for all aspects of development and, in particular, to develop areas of credit insurance that are new or developing in Australia.

CIA are the leading brokers in Australia and are determined to enhance their position by growing the credit insurance market.

The right candidate will be someone wanting to build their future career in Australia and who has good knowledge of the credit insurance industry, sales ability and ambitions towards a senior management position. The right candidate can look to an early board appointment.

Please contact Howard Davies,  
Hogg Robinson & Gardner Mountain Plc,  
Lloyd's Chambers, 1 Portoken Street,  
London E1 8DF, in writing.



Sales DM BONDS

Für die Akquisition und Betreuung unserer institutionellen ausländischen Kunden suchen wir erfahrene Sales-Mitarbeiter.

Sobem Sie über mindestens 3-jährige Saleserfahrung im DM-Bondgeschäft (Domestik und Euro) verfügen, könnten Sie der geeignete Mitarbeiter für uns sein.

Ihr Arbeitsplatz wird in der Zentrale in Frankfurt sein.

Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen an die DG BANK Personalabteilung, Am Platz der Republik, P.O. Box 100651, D-6000 Frankfurt am Main, (Tel.Nr.: 69/74 47-1881).

Appointments Advertising

Appears every Wednesday and Thursday  
for further information  
call 01-248 8000

Patrick Williams ext 3694  
Deirdre Venables ext 4177  
Paul Maraviglia ext 4676  
Elizabeth Rowan ext 3456







Innovation

THE ZULUS AND ELECTRONIC WARFARE

In 1879 a British army under Lord Chelmsford invaded Zululand in southern Africa to claim it as Crown property. The campaign was expected to be over before the month was out.

But the Zulus proved to be no walkovers. Among their many military talents was their use of deception. One trick was for an impi (the equivalent of a division) to condense its formations so the enemy could not count its regiments. Another was to have small, diversionary groups of soldiers drive herds of cattle around the countryside, raising dust and deceiving the enemy as to the location of the main Zulu force.

Utilizing such deceptive tactics, the Zulus misled Chelmsford into splitting his army and taking half of it on a wild goose chase to the southeast.

Meanwhile, from the north, the main Zulu impi of 20,000 attacked the remainder of the English force relaxed at the base camp at Isandhlwana. The surprise was complete. The British were massacred.

And Lord Chelmsford, hearing of the disaster, retreated to Natal.

The Zulus were applying a timeless principle of warfare. Deception. A sin in everyday life, in time of war a virtue. In the late 20th century it has become essential.

Nowadays, the primary medium of this realm of warfare is electronic. Planes, tanks, ships, helicopters all have electronic means of finding the enemy or preventing him from finding them. Modern battle now, more than ever, favors the side with the most effective electronic technology.

While the Zulus used deception to help them win a battle, that tactic is now interwoven into every aspect of defense. From the movement and intentions of vast forces, down to individual encounters between aircraft or tanks, electronic deception is decisive.

But beyond this, electronic technology becomes decisive on the grand strategic level. For it is part of the deterrence that compels potential enemies to find ways to be friends.



The Battle of Isandhlwana, Charles Fripp, 1885. The National Army Museum, London



screen

Christopher De



# FINANCIAL TIMES

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## A new era for farming

IF BRITAIN'S farmers were not already reeling, they now should be. In under a week, and in the wake of the egg crisis, they have been criticised by two senior ministers and by Prince Charles.

The heir to the throne concentrated his attack at the weekend on so-called intensive farming. He told an organic farming conference that excessive use of chemical fertilisers threatened the environment and that intensive farming was a health hazard. His arguments are not new, but, as the country's architects have learned, when Prince Charles enters the fray, the nation takes note.

In some important respects his concerns are already being addressed: new controls on nitrate use, for example, are planned. Of potentially greater significance are the challenges issued to farmers by Mr John MacGregor, Minister of Agriculture, and Mr Nicholas Ridley, Secretary of State for the Environment. Both ministers, also addressing farming conferences, heralded an important shift in emphasis in official policy which, if sustained, could have profound consequences.

**Stark message**  
 Their message to an industry used to heavy support was stark. The Government believes farmers must become much more market-oriented. If there is no realistic market for their goods, they must find other goods to produce or go under. Mr MacGregor drew parallels with the demise of the small shopkeeper and the village garage and with the painful but necessary adjustment of companies like ICI to the freer market ethic of today.

Behind this message, never so harshly expressed, lie what Mr Ridley called inevitable changes in farming and the countryside. Modern technology means that fewer acres can produce the nation's food, while farming's natural attraction is being hastened by European Community reforms to demolish the food mountains and, with them, the costs of farm subsidies.

But as farming, itself, ceases in many areas to be the mainstay of the rural economy, key questions about the future of rural areas as a whole are raised for which, as yet, there are only the most tentative answers.

The logic of the Ridley/MacGregor stand, as of the reform of the EC's common agricultural policy is that the bigger farmer can survive in the market place should do so. If there is to be aid, it should go to those who, like hill farmers, cannot compete without help, have few other work opportunities but whose land would deteriorate without care.

**Hastening disasters**  
 There are pitfalls, even if such a policy could be agreed. The ever-larger farms which a more Thatcherite approach would mean could hasten the disasters feared by Prince Charles. On the other hand, there is a real problem over who gets the redirected support. If there is a clear case for aiding a "dog-and-stick" farmer in the Welsh hills or the French mountains, there is much less for helping his counterpart in East Anglia or Bavaria, who might sell land for housing or find work at BMW.

Community wide, some aid to farmers will continue because in countries like Germany or France farmers are still an important political force and because, in countries like Britain, an increasingly leisured population demands a well-maintained countryside. But it is vitally important to work out whom to support and how, if such aid is not to become as big a financial burden as the CAP itself. Much more information is needed on farmers' total incomes, however much farmers might resist such a move. Mr MacGregor opened the debate last week, noting that many farmers were better off than they claimed, since already nearly half the top or average is from non-farming sources.

Beyond that, however, is the critical importance of the changing role of farmers for rural areas as a whole. What is needed now are policies where the needs of farming, rural housing, transport, industries and above all rural planning all play their part to ensure a proper balance for the citizen between a potentially damaging free-for-all and over-protection of the farmer.

The battle looming over the future of Britain's General Electric Company is a landmark event, not only for the country's electronics sector but also in the accelerating process of structural change which is sweeping through many of Western Europe's industries.

Since the mid-1980s, large tracts of the industrial landscape have been reshaped by mergers and acquisitions, primarily within countries but increasingly across European borders. Last year alone saw the takeover of Britain's Rowntree by Nestlé of Switzerland, the proposed merger between Carnaud of France and British Metalbox Packaging (part of MB Group) and the joint acquisition by Guinness and Agache of Louis Vuitton-Moët Hennessey, the French luxury goods maker.

Such activity, along with a strong recovery in business investment and more determined efforts by many companies to improve efficiency, has predictably been greeted by European Community policymakers as proof that industry is being galvanised by the prospect of 1992 and creation of a single European market.

But how far major European manufacturing industries will emerge from this shake-up better equipped to meet international competition — and how far they are simply following fashion — is still very much an open question.

One of the difficulties in reaching a judgment is that competitive conditions vary so widely between sectors. "There will be no single right answer. It will be highly industry-specific," says Mr Sigurd Reinm, a corporate strategy expert who was until recently a director of McKinsey, the management consultants.

Furthermore, the restructuring coincides with unusually rapid change in manufacturing methods and product technologies, which is profoundly altering the economics of many industries.

Yet some broad patterns are starting to emerge. While 1988 has undoubtedly had an effect, it has been mostly psychological. Perceptions that internal EC barriers are eroding have more often facilitated than precipitated change.

One of the most pronounced trends is reaction to the diversification of companies. In the US many larger companies are divesting businesses which have become peripheral or difficult to manage and are focusing their operations more tightly. "In a healthy way, European companies are going back to basics," says Mr Martin Waldenström of Booz Allen & Hamilton, the management consultants.

Increased specialisation has stimulated an active market in corporate assets. Philips, the Dutch electronics group, has spun off its telecommunications and white goods businesses in joint ventures with US partners. British Petroleum is selling its minerals activities to ICI, while Reed International has shed all other interests to focus on expansion in publishing.

Reshuffling of corporate portfolios has been particularly intensive in chemicals. There have been some 650 acquisitions and mergers in the European industry since 1983 as companies such as Akzo of the Netherlands, Britain's ICI and France's Rhône-Poulenc have reaped themselves to capitalise on what they consider areas of particular strength.

The food-processing industry has also plunged into a flurry of deal-making, much of it across borders. However, the commercial rationale differs from the capital-intensive chemicals sector. In the food industry, production is often only a small proportion of total costs and enjoys modest scale economies.

## Guy de Jonquières looks at the background to Europe's wave of mergers and acquisitions

# A new landscape takes shape



### European merger and acquisition activity

(transactions involving at least one European country)  
 Dollar volume and number of deals with transaction size over \$100 million announced during 1988

Type of transaction	\$ billion*	No. of deals*
Domestic in Europe (within one country)	59.6	100
Transatlantic (between Europe & N.America)	52.6	101
Cross-border within Europe	13.2	24
Europe-Asia	8.8	15
<b>Total</b>	<b>134.2</b>	<b>240</b>
US domestic	202.5	323

\*excludes transactions for which the dollar volume was not disclosed

Source: First Boston/CSFB

warrant common European brands in more than a handful of products. Indeed, Unilever, the European industry leader, insists "Euro-brands" are nonsense and says there are only international and local ones.

Some large fish, however, are swimming against the specialisation tide. British Aerospace, for example, last year purchased the Rover car group. Daimler-Benz has acquired electronics, defence and aerospace businesses. Fiat is enlarging its media interests and wants to buy into banking.

All three companies have also diversified largely inside their national borders. It is unclear whether that reflects deliberate policy or opportunism. The chance to strike attractive deals with eager government sellers undoubtedly influenced B&E and Daimler, while Fiat's sheer economic power in Italy puts it in an unusually privileged position.

Mr Carlo de Benedetti, pioneer of the audacious cross-border takeover, is a maverick of a different kind. No one could accuse him of limited geographic horizons. Yet his cluster of European businesses, embracing car parts, computers, financial services and high fashion, also testifies to the persistence of the conglomerate philosophy.

His empire seems to have been assembled less with an eye to industrial logic than to snapping up undervalued assets across frontiers. However, Mr de Benedetti no longer has that game all to himself. His ability to go on playing it successfully, while continuing to defy the conventional wisdom that diversity is hard to manage, has yet to be tested.

Perhaps the most spectacular

restructuring of all is in those industries which have long depended heavily on protected government orders in their home markets. In telecommunications manufacturing, margins have been brutally squeezed by rising development costs, while in power generation a dearth of new business has led to excess capacity.

These problems are not unique to Europe, but have been magnified by the acute fragmentation of its industries along national lines. Even with-

more dynamic performers, or whether they risk producing anti-competitive market-sharing arrangements between dominant national suppliers.

**The deal-makers must face evidence that more than half of all mergers and acquisitions fail.**

out EC plans for freer competition in public procurement, economic pressures for a shake-out would have become irresistible.

In both telecommunications and power engineering, industry-wide restructuring has been triggered by huge deals — the acquisition by CGE of France of IRI's telecommunications business and the merger of Sweden's Asea and Switzerland's Brown Boveri to form ABB.

Inextinguishable as these trends seem, they beg delicate political and policy questions. One is whether amalgamations between companies in highly protected markets will really breed

between short runs. In some sectors, such as white goods, high transport costs can also make it more economic to manufacture in small plants rather than in a few big ones.

Nor does the existence of many small competitors necessarily imply that a sector would gain from concentration. In many specialist food and consumer product sectors the number of firms is growing fast — and the share of market leaders falling — because low production costs make it easy for newcomers to enter the market.

These developments challenge the commonly held view that Europe needs more giant companies to compete internationally. Though size obviously matters in industrial investment, as aerospace, where capital requirements keep entry barriers exceptionally high, there is enough contrary evidence to suggest that its importance may be exaggerated.

Leading manufacturers in Europe account for roughly the same proportion of their industries' total output as do their counterparts in Japan, according to EC analyses. Moreover, the competitiveness of Japanese industry depends heavily on its multitude of small sub-contractors. On that analogy, Europe needs more "small firms, not more big ones."

Lack of specialist spread, rather than size, appears a more likely explanation for the past weakness of many European industries. "National champion" policies and preferential public purchasing have kept many electronics suppliers heavily dependent on their home markets, while Europe's volume carriers still rely on their own countries, on average, for more than half their sales.

How far cross-frontier mergers and alliances offer an effective solution is still uncertain. The failure in the 1970s of a string of such deals between large European companies such as Dunlop-Pirelli in rubber, Agfa-Gevaert in film and Hoechst-Hoogovens in steel, is an uncomfortable reminder of the risks involved.

Many business leaders insist the present wave of takeovers and mergers is different. They say it is propelled by more clear-sighted economic and commercial logic, which aims to increase efficiency and market share, not by a political drive to create big companies for their own sake.

Yet Europe's new generation of deal-makers must also reckon with evidence that more than half of all mergers and acquisitions fail. This tally, moreover, is based heavily on experience within countries, particularly the US and Britain. It does not reflect clearly the more complex challenges of different languages, national cultures and customs inherent in cross-frontier deals.

Ultimately, European industry's efforts to forge new corporate alliances and expand across borders will increase competitiveness only if management also perseveres, with patience and speed, in improving quality and speed innovation.

Indeed, some businessmen, such as Mr Peter Willits, an assistant managing director of Britain's GKN automotive components group, argue that the latter priorities are much the most critical. "If a company's resources are limited, it would be better advised to focus on getting its quality right than on going for quantity," he says.

A broadly similar message was delivered by a recent European Commission analysis of the European car industry. It found that, though the industry had sharply improved productivity since 1980, it still trailed its Japanese competitors on almost every criterion of quality and efficiency.

It also pointed out that, despite a recent boom in sales, European car-makers had merely arrested a steep decline in their share of world markets in the past two decades. There could hardly be a more telling measure of how much Europe still has left to do.

## A Balkan house of cards

EAST EUROPEANS, having discovered that there are no easy answers to the problems created by an unwelcome socialist system, are now flailing that the best answers do not work either. Reformers in neighbouring countries must be watching in fascinated horror the Yugoslav experiment in market socialism.

If any East European country came near to realising Alexander Dubcek's dream of socialism with a human face it was Yugoslavia, though the humanity has been evident mainly in an overwhelming tendency to err. Even with the economy in ruins, inflation at 230 per cent, hard currency debt at \$20bn, mounting industrial unrest and chronic nationalist tensions, the Yugoslav people have so far resisted the temptation to respond by smashing the carefully balanced federal structure left them by Tito.

That structure often puts a brake on policy-making and implementation, foiling successive attempts at economic reform. But it also prevents any one republic or nationality from achieving disproportionate power over the others. The Yugoslav state is an uneasy yoke for several sharply divergent ethnic identities. That it has so long survived intact is no mean achievement.

**Premier's resignation**  
 Western capital has helped to keep the ship afloat, but also to conceal the fact that it has been sailing on automatic steering-gear. The shock discovery that there is no one on the bridge and that the crew have been below playing poker for years, may tempt crew and passengers alike to welcome Captain Bligh with open arms.

The resignation last month of the Prime Minister, Mr Branko Mikulic, after parliament rejected his budget amid allegations of incompetence and corruption, is not an event of great significance in itself, but comes at a dangerous time, when there are signs that Yugoslavs are so disillusioned by their experience of federal power-sharing as to be ready to turn to a strong man — or, worse, to rival strong men representing rival nationalisms —

to lead them out of the morass. No doubt the fear of resurgent Serbian nationalism, widespread in the other republics, together with constitutional constraints on the powers of any single republic within the federation, should slow the rise of the unabashedly conservative and aggressively nationalist Serbian leader, Mr Slobodan Milosevic. But it could also lead to irreconcilable conflict between the nationalities, for there is no sign that those occupying the regional seats of power have the courage to prepare their supporters for the quashing of false hopes and unrealistic demands which is essential if the federal system is actually to work.

**Deceptive goals**  
 Economic reform is not, in itself, the answer. Nor, alas, is political liberalisation — necessary and desirable though both may be.

Possibly the biggest pitfall for East European leaders confronting the failures of socialism, as they have practised it, and the clamour for better results is the temptation to rally support by offering deceptively simple goals as panaceas. The same chorus which today calls for more market forces and political pluralism may tomorrow demand more centralisation and strong-arm tactics. Should liberalisation fail to produce results, those who believe in it may end up as disillusioned and vulnerable as the Yugoslavs are today.

One of the unpalatable truths for Yugoslavia today is that the easing of East-West tensions diminishes the strategic importance of a non-aligned state in the heart of Europe. The prospective collapse of Tito's Balkan house of cards no longer carries the threat of dire consequences for the rest of Europe, and hence for the global East-West balance, that kept it upright when first erected.

Who will bail out the fractious southern Slav tribes once the Russian troops and tanks have left Eastern Europe? Who then will subsidise the irresponsibility of the Yugoslav tribal chieftains? They may soon have to fend for themselves.

## Young Mr Weinstock

After the saga of the GEC bid for AEL in 1987, the J. Walter Thompson Company commissioned a study from the British Market Research Bureau on the factors that had most influenced investors, institutional or otherwise, in their decisions. It is worth looking at today.

First and foremost important were the "proven ability" of the then Mr Arnold Weinstock, the superiority of the GEC management team and the company's better profit record over the years.

One City respondent said: "AEL's success is not much similarity between Montgomery in his prime and Weinstock. But they are both men, who do not suffer fools gladly. Also, they tell you what is happening, much more fully than most of their UK, and with no more gloss than one expects of effective salesmen. Montgomery won battles. Weinstock breeds profits."

## OBSERVER

In retrospect, however, AEL made a mistake. It brought Lord Beeching — then the country's best-known business man — onto the board after the bid had been launched. Many people thought that counter-productive; if he had been on the board before, the bid might not have succeeded.

Ordinary shareholders were questioned about their knowledge of the company's affairs. Some 75 per cent recognised Sir Charles Wheeler, the AEL chairman, but it turned out that many of them confused him with the former President of the Royal Academy, Lord Airding, who was better known as a politician.

Press comment was said to have had a large role in shaping decisions. One senior City man said: "I would sack any analyst who had not read Lex by the time he arrived at the office." Ordinary shareholders vastly preferred the Daily Telegraph and, when questioned closely, thought it "only marginally less authoritative than the Financial Times."

**Opera as drama**  
 The long-running row over Daniel Barenboim's contract as artistic director of the new opera house at the Bastille, now under construction, is reaching a climax. Yesterday Pierre Bergé, head of the Yves St Laurent fashion house and overlord of the Paris opera establishment, issued a public ultimatum that the contract must be renegotiated, and that the negotiations must be concluded by the end of next week.



"I'm worried - he's taken to talking to his manure."

paid far too much (a minimum of FF 6.95m a year), and that his programming ideas are too lavish, old-fashioned and less sure for an opera house situated in a popular quarter of Paris and intended to draw a genuinely popular audience.

Barenboim rejects both complaints. He claims that his accumulated fees, as director and conductor, will come to less than FF 5m a year. And he maintains that there is nothing distasteful about Figaro or Cosi, Tristan, Carmen or Otello. The trouble is that his schedule allows for even fewer performances a year (only 150 in 1983) than at the existing Opéra, the Palais Garnier, whereas Bergé's plans for modest pricing require much more intense use of the facilities, with around 250 performances a year.

In a recent interview, Barenboim vowed that he would never surrender his complete authority as artistic director, which he derives from a contract signed with the doomed Chirac government last May. As in some operatic melo-

drama, however, it turns out that the contract was legally flawed. Whether it was sufficiently flawed to enable Bergé to impose his will, and ensure that the Opéra-Bastille opens on schedule on July 14, may be another question.

## Blunden again

Odd joke going round "Tweedneedle Street: Sir George Blunden, the Deputy Governor of the Bank, duly retires for the second time, only to be appointed Governor when Robin Leigh-Pemberton goes."

## Real beauties

1989 is the 150th anniversary of the first show organised by the Royal Agricultural Society and the centenary of the creation of the Ministry of Agriculture, Fisheries and Food. It is also British Food and Farming Year.

To mark the whole lot there is a quite stunning exhibition of agricultural and rural paintings at London's Mall Galleries. It is jointly sponsored by Phillips, the auctioneers, and the Royal Agricultural Society. Between them they have had the bright idea of hiring off some of the sponsorship to companies like Delgety, which have been organising their own private views and receptions.

It is, of course, also open to the general public, and I do not think that anyone could fail to be charmed by the pigs, cows, hogs and horses on view, as well as the agricultural implements. The Poet Laureate, clearly in his element, has written a poem to celebrate it. The show runs only till January 29.

## Thin ice

Gratified in a Hampshire ice rink: "I can't stand skating because I can't skate standing."

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Ian Hamilton Fazey looks at the career of Clive Betts, leader of Sheffield City Council

# Performing a vital test for Labour

Labour is in power in Britain - not at Westminster, of course, but in town halls. It looks like the party is in control of only 187 out of 614 local authorities. But this hides the fact that Labour is in charge of the bulk of the country's large, urban areas.

Birmingham, Leeds, Liverpool, Newcastle, Newcastle, most of the inner London boroughs and Sheffield, are all places where Labour's ability to govern is being tested. The test has been filled badly in recent years by the party's left wing in Liverpool and London, but this is the case of Sheffield where a new, pragmatic and more electable Labour Party seems to be emerging.

Sheffield is already a source of credible national politicians. Roy Battarley, the party's deputy leader, cut his political teeth there nearly 30 years ago. David Blunkett, promoted to Labour's front bench last year after becoming an MP in 1987, was the last leader of Sheffield City Council.

Chamber of Commerce and erstwhile arch-critic of left-wing municipalism, subsidised bus fares and high business rates Norman Adsetts, the Chamber's president, is another supporter. They both trust Betts and appear with him to sell Sheffield to potentially footloose industry in the prosperous south of England.

Business in the Community has been taking parties of industrial leaders on guided tours of Sheffield to see how partnerships between private industry and local communities can work in practice. It also held its annual conference there in November.

Betts observes: "Support has not come overnight. People started talking to each other and recognising that there were some things we could agree on and some things we would only get done if we started working together. We have also been honest in recognising that you don't have to agree on everything, such as trade with South Africa and nuclear issues."

The city is even co-operating with the urban development

"It was Cambridge which opened my eyes to the privilege that still exists in Britain. I could only imagine before. Suddenly, it was there before me."

One event decided the direction of his political career. He went to the Union - Cambridge's debating society - for the first time determined to support the motion that the house had no confidence in Her Majesty's Government. It was 1968, the nadir of the first Labour government of Harold Wilson. He was disenchanted and had not joined the party.

He recalls: "In this end I voted against the motion because I was so horrified by what was being put forward by people of the opposite point of view to me. Seeing the opposition made me realise that Labour was the lesser of two evils. The only way of trying to make advance was to get into the Labour party and make sure it put forward policies that I believed in." It was the origin of a left-wing pragmatism in which he has tempered his instinctive idealistic socialist with an understanding of the need to get things done.

Nevertheless, it has probably been easier for him to have a political career with his sort of background in Sheffield than in many other cities. Aspiring politicians with Oxbridge or any other university degrees who try their luck in places like Liverpool - almost exactly the same size as Sheffield - have had a much tougher time.

There, the party gradually emerged at its sectarian worst, culminating in the rise of Militant. At the time Betts was serving his apprenticeship as a councillor. "Intellectuals" elsewhere were being driven out of the party as traitors to the working class.

Sheffield, however, has a disciplined party whose roots lie in the city's artisanship and its realistic trade unionism. The culture is of the negotiator going for the deal, not the zealot wanting to see his opponents' blood all over the walls.

Hard-learned working class foster adaptability and change: it is the semi-skilled and unskilled, the cannon fodder of



Clive Betts: the face of a new generation of Labour in Britain

general unionism, who become like dinosaurs. Places like Merseyside illustrate the contrast.

Betts' views echo those of Jack Straw, another young Labour intellectual. He says: "If the Labour party opens up educational opportunities and they are taken up by people from working-class backgrounds, it should not then dismiss them as not having a relevant contribution to make."

"Labour has to live with the fact that there is a generation of people with working-class origins who in the past would have become skilled workers and probably risen through the trade union movement because full-time higher education would have been denied to them."

But acceptability works both ways. Betts looks at some whether he is rubbing shoulders with Prince Philip at an Industrial Society conference or standing, as he often does, behind the goal on the terraces wishing Sheffield Wednesday would play better football.

He sees divisions and ignorance in Britain which appall him. There are many people in London whose only trip out of the city is to go abroad on the holiday, an amazed at the ignorance in the south about the north. Many industrial leaders I meet believe the north is a sea of gritty industrial factories and little

## The UK economy

# Three telling questions about inflation

By Frank Blackaby

A good deal of the current analysis of Britain's economic predicament is flawed. In the 1980s a number of old, sensible economic truths have got lost, and a number of dubious propositions have crept in.

The dominant doctrine of economic management in recent years has been that the economy is self-regulating, with a simple rule: the job of the Treasury is to keep the public sector borrowing requirement low, and that is all. So long as the borrowing requirement is kept down, there can be no excessive monetary creation, and so no inflation. Further, if the budget deficit is small, the balance of payments deficit cannot be very large.

Now it finds that even with unemployment (on somewhat manipulated figures) still around 2m, the rise in labour costs is excessive because the demand for labour is regionally maldistributed, and because so little has been done to meet the changing pattern of demands for skill.

What can the Government do? There is only one thing it can do, since it can hardly talk to the unions: it will have to stop the fall in unemployment, and start it rising again. The growth rate will have to be brought down and kept down for a long time - employment is slow to react to growth-rate changes. Inflation will not just go away.

The current balance of payments deficit will not just go away either. The development of North Sea oil served to obscure the fact that Britain's manufacturing base had shrunk, and the British now a net importer of manufactures. Foreign currency receipts from oil are likely to continue to drift down. Of course interest rates can be used to bring hot money into Britain and prevent the exchange rate from falling. Capital inflows of this kind can go on for a long time, but not for ever. Britain faces a long series of monthly trade figure shocks. Any sudden panic could set off a flight from sterling, and the exchange-rate would crash.

The Chancellor has done exactly what the doctrine told him to do, which explains his somewhat petulant reaction to criticism. Indeed - to use an inappropriate collectivist metaphor - he has been repaying the national debt. Yet here we have inflation moving up towards 7 per cent, and a current balance of payments deficit in 1988 which will exceed by a wide margin the sum total of all the balance of payments deficits of the last 40 years. Something has gone wrong. What is wrong is the doctrine.

The best thing to do is to start again, and to ask three questions about inflation.

Why is it moving up? The central figure in the answer is not any of the myriad supplies of the money supply. It is the rate of increase in average earnings. So long as average earnings are rising at around 9 per cent a year, there is no way that inflation can be brought down below 5-6 per cent a year for any length of time. For the economy as a whole, labour costs are by far the largest component of price changes.

There is an intrinsic implausibility about the idea that a system as complex as a modern industrial economy could be optimally managed by the use of a single instrument. There is not just one single objective of policy. At a minimum, there are three - economic growth, full employment, and stable prices - and many people would add more. It is most unlikely that performance will be optimised under all these heads by the use of interest rates alone. Those who think that this is the case must have an unconscious belief in some curious Providence that modern industrial economies have been carefully designed for simple one-instrument operation by a beneficent (and presumably Conservative) Creator.

It's not quite like *roblesse oblige* when you are doing something for people because you think you ought. It also recognises that you come from that community and therefore you ought to be able to work with people in developing what they want.

In other words, the voters come first, not the party or some wishful-for revolution. It is this which is making the Labour party nationally look closely at its brothers-in-power to Sheffield. Whether it can be replicated everywhere is probably the party's biggest question for the 1990s.

Since economic policy is at present doctrinal rather than pragmatic, there is not much point in making alternative, more interventionist, policy suggestions. One of the Chancellor's recent statements in the House is a good illustration of the high doctrinal content of the Government's thinking. "Inflation is a monetary phenomenon and therefore must be dealt with by monetary policies." It is a remarkable achievement to combine in one short sentence meaningless economic and nonsense logic. To say that inflation is a monetary phenomenon is simply to say that we live in a money and not a barter economy - and that does not take us very far. As for the second half of the proposition, Samuel Johnson dealt with it 200 years ago. Faced with a similar plausible-sounding *non sequitur*, he remarked that it had as much logical validity as the sentence: "Who drives fast oxen should himself be fat."

### Sheffield once had a difficult image - now dispelled by Betts and Blunkett

corporation imposed by the Government against its wishes. Its job is to regenerate the Lower Don Valley, the half-derelict graveyard of much of the city's former steel industry.

The rapprochement with the private sector has also won a major economy-boosting prize in bringing the prestigious World Student Games of 1991 to Sheffield.

As a Cambridge economics graduate, Betts ought to understand political economy and the way it has developed in the last two decades. Cambridge channelled his socialism, forged by his background in the poorer, northern parts of Sheffield, into the Labour party.

Most of Labour's 9,000 local councillors occupy what potential inward investors from the US call the red belt of northern and Midlands towns. Sheffield - like Liverpool - once had a difficult image. There was a running slanging match between its solid, permanent Labour council and the city's industrial and commercial leaders as its steel-making economy collapsed. In the 1980s, all this has been ended, largely thanks to Betts and Blunkett.

Betts, now emerged from Blunkett's shadow, is highly regarded by the private sector, according to John Hambridge, chief executive of Sheffield

## LETTERS

### Danger of debt

From Mr Wynne Godley, *British Telecom*

Sir, According to Samuel Brittan, "as long as the payments deficit stabilises as a proportion of gross domestic product Britain can probably live with it" (December 22).

This proposition is dangerously mistaken, because it implies that Britain would gradually change from having net foreign assets worth about 20 per cent of GDP at present, to having net debts worth about 100 per cent of GDP. Such a change would exactly follow if the long run growth rate of the economy, and also the current account deficit as a proportion of GDP, were both 3 per cent.

Furthermore, if real interest rates remain at about 7 per cent (that is, 13 per cent nominal less 6 per cent inflation) debt service would become a very heavy burden.

Ultimately there would have to be a trade surplus (real resource transfer abroad) equal to about 4 per cent of GDP -

the difference between property income paid abroad and the current account deficit.

The change would not be some hypothetical "long run" process which can in practice be ignored, particularly because real interest rates are now so high.

Accordingly to simulations I have carried out, Mr Brittan's present proposal would result in our net assets being wiped out in four or five years, and net debts equal to about 80 per cent of GDP acquired after 15 years.

It is precisely strategic mismanagement of this kind which has trapped Ireland, Denmark and many third world countries in a debt problem which indeed forces them both to restrict output and to transfer real resources abroad on a substantial scale via trade surpluses.

Wynne Godley, *Department of Applied Economics, University of Cambridge*

### 'BT is pleased to offer extended cheap rates'

From the Managing Director, *British Telecom*

Sir, I was interested to read Hugo Dixon's suggestion ("BT's Christmas present," *Lombard* column, January 6) that we should increase our international charges over Christmas to suppress demand for our services. I imagine that by far the greater number of our customers would take issue with him.

British Telecom has been pleased to offer customers an extended period of our normal cheap rates during Christmas and many other public holidays for a number of years. It is true that specially on Christmas Day, services to and from some countries are extremely busy.

Hugo Dixon should bear in mind that British Telecom's normal cheap rate international calls were available for seven days over the Christmas and New Year holiday, allowing our customers to spread

their calls and to benefit from the cheap rates.

When possible, we make special arrangements with our overseas operators to cater for increased demand at Christmas. Additional network capacity is brought into service and British Telecom operators and engineers work over the public holiday period to offer assistance to our customers. In addition to seasonal demand, service to Australia and New Zealand during the holiday period at the end of 1988 was unfortunately affected by industrial action in Australia which was outside British Telecom's control.

We review the position every year, and currently feel that our customers would not appreciate British Telecom increasing its prices at Christmas.

A.J. Booth, *British Telecom International, British Telecom Centre, 81 Newgate Street, EC1*

### Debt restructuring

From Mr Albert H. Hamilton, *First Washington Associates*

Sir, With respect to Latin American debt, Mr Hakim and Mr Feinberg have identified a reasonable approach. "Fundamental" restructuring should be helped to establish viable export finance agencies to help increase exports, especially value added exports, the proceeds of which could service the restructured debt as it begins to fall due in year 11.

Granted that debt service due to governments is but a small part of the total, the usual Paris Club negotiation requires the debtor to obtain "comparable" relief from other creditors (banks). While banks generally cannot reschedule interest, extending a more generous rescheduling package can be of immense help to countries struggling to avoid economic collapse and chaos.

Dahit restructuring along these lines is not without precedent - witness that negotiated by the industrialised countries with Indonesia 20 years ago. It is also clear that the current standard Paris Club restructuring developed over recent years is no longer effective.

Further, the creditor governments could require debtors to establish external debt monitoring programmes so that both debtor and creditors may know how much is to be paid

to whom and when. Paris Club experience with escrow accounts has not been uniformly happy.

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Albert H. Hamilton, *First Washington Associates, 1501 Lee Highway, Suite 302, Arlington, Virginia 22206, USA*

### Mining in Namibia

From Mr R.A.A. Gower, *CDM (Proprietary)*

Sir, On December 14 you published an article under the heading "Namibian Diamond Venture" by Jim Jones, your Johannesburg correspondent, reporting on a new project being undertaken by Consolidated Diamond Mines (CDM).

He included, as part of the report, allegations of serious malpractices on the part of CDM.

The clear implication from the last two paragraphs of the report is that CDM has been "overmining" in order to extract a disproportionate amount of diamonds ahead of independence; and that CDM has bribed Namibian government ministers in order to obtain a report exonerating it in respect of the "overmining" allegations.

We would like to point out that the "overmining" allegations were not merely "dropped," but were rejected by the Namibian Government as a result of the findings of an inter-departmental committee which consisted of the Secretary for Finance, the Secretary for Economic Affairs, the Director of State Revenue, the chief geologist in the Directorate of Geological Survey and the first law adviser in the Department

of Justice, after considering, *inter alia*, independent expert evidence. Your Johannesburg correspondent will have been well aware of the findings of this committee.

The statement that there were press "disclosures" in Windhoek of payments by CDM to government ministers implies that the press had some evidence of such payments. An allegation to this effect was made by another Namibian politician against the Minister of Mines personally, and this allegation was reported in the press. No evidence has been produced at any stage in support of this allegation, either by the politician in question or the press, and CDM has publicly denied making any such payment. The matter is now the subject of a legal action by the minister concerned.

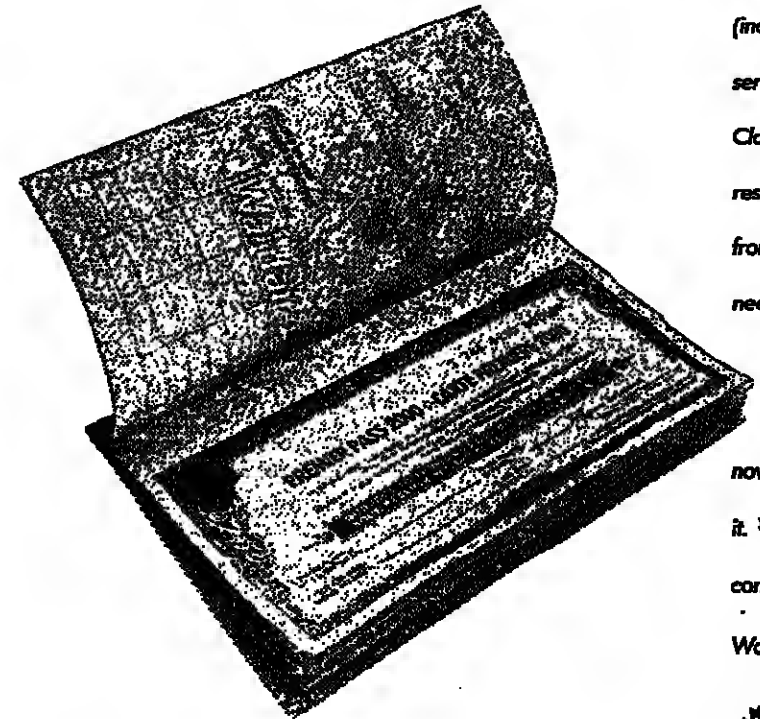
CDM is a company with a long term commitment to Namibia and its recent announcement indicates its confidence that it can make a contribution to the future prosperity of the country whatever the political circumstances.

R.A.A. Gower, *CDM (Proprietary), CDM Centre, 10 Bulow Street, PO Box 1908, Windhoek 9000, South West Africa/Namibia*

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# FINANCIAL TIMES

Wednesday January 11 1989

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## Giuliani quits frontline of crime war

Roderick Oram looks at the career of a New York crusader

ONE MAN has been more successful than any other in tackling the problems tearing apart the social fabric of New York: Rudolph Giuliani.

The rape and murder of a 33-year-old pregnant doctor over the weekend by a homeless man carrying out a hunt in New York City's main mental hospital horrified even those citizens hardened by years of crime and corruption. Since it hit financial bottom in the mid-1970s, New York has staged a spectacular revival as the financial, style and cultural centre of the US, but its renewed wealth and vigour has been matched by burgeoning social problems, ranging from organised crime and drugs to homelessness and a growing army of beggars.

Mr Giuliani has used his position as US Attorney for the Southern District of New York to, in his terms, wage war on these problems - Mafia bosses, drug dealers, corrupt city politicians and Wall Street insider traders - and has had more success than anyone else, including Mayor Ed Koch.

After five years when his name was seldom off the front pages or the television news, he resigned yesterday apparently to pursue a political career. It is widely assumed he will run for mayor in November's election.

The role of crusading prosecutor turned reforming politician is one with a special resonance for the American electorate, and one for which New Yorkers may be more than ready this autumn.

It remains to be seen, though, whether Mr Giuliani, with his intense, brooding face straight from the Spanish Inquisition, can win over the



Rudolph Giuliani: formidable credentials as prosecutor

voters and, if elected, whether he can balance his fierce quest to root out the guilty with the practical give-and-take needed to make the complex city run. He has at least established formidable credentials as prosecutor. With the Securities and Exchange Commission in 1986, he won a confession of insider trading from Mr Dennis Levine, a Wall Street mergers and acquisitions specialist. From there, Mr Giuliani and the SEC untangled a web of corruption and fraudulent practices involving Mr Ivan Boesky, the takeover speculator, and others.

One of his greatest achievements came shortly before Christmas when Drexel Burn-

ham Lambert, a leading investment bank, agreed to pay \$550m (£360m) in penalties and plead guilty to six felony charges stemming from the Boesky investigation. Uptown from Wall Street, Mr Giuliani and his team have won racketeering convictions against Mr Tony Salerno and other leaders of four of the City's five main organised crime families, jailed the organisers of the "Pizza Connection" (a Mafia-controlled heroin network), and successfully prosecuted Mr Stanley Friedman for taking payoffs while a Democratic party leader in the Bronx, one of the city's boroughs. He has had some recent fail-

ures - Ms Bess Myerson, once Mr Koch's cultural commissioner, was found not guilty of trying to influence the judge deciding on her lover's divorce settlement - but these are unlikely to dent his reputation.

No one can doubt Mr Giuliani's deep commitment to his task, particularly when he takes to the podium to speak in his lively and witty manner of his crusade.

A few months after Mr Boesky pleaded guilty, Mr Giuliani told a group of high school students about the urgent need for families, communities and religious groups to instil moral values in young people again.

He was asked afterwards in a magazine interview: "Growing up Catholic can imbue one with a healthy dose of guilt. Did that happen to you?"

"Yeah, but I think guilt is valuable if used correctly. You should be guilty," he replied.

He was born in Brooklyn in 1944 and grew up in one of New York's Long Island suburbs. He speaks fondly of the vital influence of his parents - his mother was a bookkeeper and his father a plumber turned bartender. They had a passion not only for living to high standards but also for helping those around them.

Mr Giuliani himself is married to a television journalist and has a young son.

Asked by the students about the people he collared, he replied: "They vary from very nice people you could feel sorry for to the nastiest and meanest. You have to remain professionally detached or you would become sympathetic or too angry." But, he also admitted, "It's hard to remain so detached when you see so much of the worst side of human nature."

## Ill-fated UK airliner had damage 'to only one engine'

By Michael Donne, Aerospace Correspondent, in London

INVESTIGATORS into the British Midland airliner crash in central England on Sunday evening have found evidence of damage to only one of the engines of the stricken twin-engine Boeing 737-400.

One of the key tasks for the investigators will be to establish why the other engine was shut down.

The accident to the jet, which cost 44 lives, occurred as the aircraft was attempting an emergency landing at East Midlands Airport after the captain reported engine trouble.

There had been speculation that a fire in one engine had been followed by the failure of the second engine when the aircraft was in sight of the runway.

In the House of Commons yesterday Mr Paul Channon, Transport Secretary, said investigators had found evidence consistent with a fire in the aircraft's left engine and with a shut-down in flight of the right engine.

Later, Mr Ed Trimble, a member of the investigating team, said that evidence of fire had not been found in the starboard engine.

On BBC TV news he said the team was trying to establish why the engine had been shut down.

"We can see signs of fire damage on the left engine. We have no evidence of mechanical failure in the right engine. There was no sign of fire in the right engine. That engine was shut down before the aircraft crashed."

In the House of Commons, Mr Channon said the cause of the engine failure was not known. Speculation would be "not only unproductive but positively misleading."

Giving details of the moments before the aircraft crashed, as it attempted to reach the airport, Mr Channon said Captain Kevin Hunt had reported a fire in the right engine.

"The fire was apparently successfully dealt with, and the Captain asked for permission to divert to East Midlands airport for an emergency landing."

"Eye witnesses report that during the final approach to the airport the aircraft descended below the normal path with the engine making unusual noises."

Yesterday's findings follow previous studies of debris from the wreckage and from the flight data recorder, recovered intact.

The recorder monitors the engines' performance and could provide the most significant clues yet as to what happened.

Debris from the aircraft, possibly from the engines, was found six miles from the crash site yesterday, indicating a possible break-up of one engine. A search was begun by police and soldiers over a wide area of countryside along the path of the jet as it approached the East Midlands airport.

The engines, still have to be dug out of the motorway embankment and taken to the headquarters of the Department of Transport's Air Accidents Investigation Branch at Farnborough for examination.

Police yesterday said 78 survivors were still in hospital, 18 in intensive treatment units with their conditions ranging from critical to fair. Captain Hunt was reported to have broken his back as well as both legs in the crash. The copilot survived.

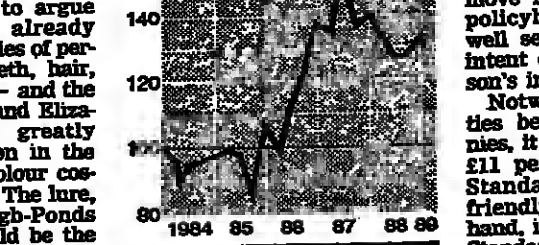
The possibility of some form of sabotage is not being ruled out, largely because there were up to 25 soldiers stationed in Northern Ireland on the flight. Four died with at least two Northern Ireland police officers.

Michael Cassell, Political Correspondent, writes: Mr Channon also gave the House of Commons a progress report on investigations into last month's Lockerbie air crash. He said that evidence showed high explosives had been placed in the number one cargo and baggage hold just forward of the aircraft's wing. It was too early to say where the bomb had originated.

Mr Channon said the explosive was "very probably" Semtex and its use pointed to some well-organised and well-supplied terrorist group. If that proved to be the case, he added, most governments would condemn not only such "despicable murderers" but any country which supplied or encouraged them.

## On the scent of Fabergé

The prospect of Unilever spending close to \$2bn for Fabergé may cause a tremor among investors who remember how the rough world of cosmetics treated Beecham and BAT. The industrial fit, though, looks hard to argue with. Unilever is already strong in four categories of personal products - tooth, hair, skin and deodorants - and the addition of Fabergé and Elizabeth Arden would greatly strengthen its position in the remaining areas of colour cosmetics and perfumes. The lure as with Chesebrough-Ponds and Lever Bros, would be the prospect of savings in distribution, even if much of Fabergé's business goes to up-market department stores, where Unilever is poorly represented.



The question is rather whether the deal will fit Unilever's financial criteria. Fabergé's profits are unpublished, and the price estimate of \$1.7bn to \$2bn is based on nothing more scientific than a rough average for the industry of 1.5 times sales, which last year were some \$1.2bn. The deal has come into the open uncomfortably early, and there is still time for Unilever's scrutiny to turn up unwelcome surprises, or indeed for a counter-offer to come along.

On the other hand, although Fabergé would represent Unilever's biggest purchase since Chesebrough, it could be comfortably accommodated on a balance sheet whose gearing at the end of the third quarter was only around 15 per cent. For those attracted to Unilever as a low-risk stock, it is worth pointing out that the risks involved scarcely seem comparable to those faced by GrandMet, say, in taking on Burger King.

Sweden  
Flushed with triumph at coming top of the first division of world stock markets last year, the Swedish house is flatly refusing to look at the darker side of this year's budget changes. Yesterday's 1.1 per cent rise in the market was on the strength of a rush of foreign investment in bonds that is expected to greet the removal of foreign exchange controls. In fact, deregulation causes far more likely to appear an outflow of funds as Swedish investors do what their Danish neighbours did a couple of years ago, and chase higher returns overseas. Meanwhile, foreigners may think twice about buying Swedish bonds with a 4 per cent real return, when they could get twice that in Norway.

Standard Life  
There is an outside chance that Standard Life's dawn raid on Hammerson Property is a repeat of its rather strange decision four years ago to buy a one-third stake in Bank of Scotland at a hefty premium. This had the effect of making the Bank of Scotland virtually bid-proof, and the latter's

shares have been a miserable performer ever since. However, the top management of Europe's biggest mutual insurance company has changed in the interim, and the assumption must be that its intent move is far more shrewd. Its policyholders would not be well served if it were merely intent on preserving Hammerson's independence.

Notwithstanding the close ties between the two companies it is hard to interpret the \$11 per ordinary share that Standard is paying as a friendly move. On the other hand, it would be surprising if Standard is itself contemplating a full bid, since that would increase the property proportion of its investment portfolio to an untenable level. Much more likely, Standard is exploiting its bargaining power. If it were to pledge its support to the Hammerson board, Hammerson's chances of winning Hammerson would be virtually nil. But if Hammerson retains its independence, its shares are likely to fall from current levels - which makes yesterday's purchase rather bizarre. Maybe the Scots have a sentimental affection for Hammerson, but it is more likely that they want to do a deal. Carrying up a company which is little more than a property investment trust would make eminent sense.

LVMH  
As none of the four parties which control Moët Hennessy-Louis Vuitton will tell who is doing what to whom in the boardroom, the upshot of the recent share buying and selling is deeply obscure. But whatever happens, it is unlikely to be particularly good for Guinness. Last week's rise in the company's shares was in recognition of the £200m-old profit on its LVMH stake, which scarcely seems relevant as it is not about to sell. More likely Guinness will find itself having to buy shares at highly sensitive prices to safeguard its successful joint ventures, which may be under threat if its old chum Mr Chevalier is ousted by the empire-building Mr Arnault. Already the latter appears to have a blocking stake in LVMH, which means that the two families can say goodbye to their pet scheme of a partial demerger. Given that Mr Arnault does not have the funds for a full bid, and Guinness almost certainly does not have the inclination, the risk is of a stalemate even more uncomfortable than before.

## New chief for troubled UK banking arm

By David Lascelles, Banking Editor, in London

BRITAIN'S National Westminster Bank yesterday appointed a new chief executive for County NatWest, its troubled investment banking arm, ending a search lasting nearly a year.

He is Mr Howard Macdonald, former chairman and chief executive of Dome Petroleum, the once ailing Canadian oil concern which he cured and prepared for sale last year. Mr Macdonald, a Scot, will also become a director of the NatWest group when he assumes his duties on January 16.

Mr Macdonald succeeds Mr Jonathan Cohen who resigned, along with Mr Charles Villiers, County's chairman, last February after the bank ran up £16m (\$204m) of losses largely through its underwriting of shares in Blue Arrow, a UK manpower services company.

Since then, County has been run by a temporary chief executive, Mr Terry Green, who is also deputy chief executive of the NatWest group.

Mr Green said last night: "He is a strong executive and manager. He is a man who likes to do business. I am delighted to have him on board." The announcement of Mr Macdonald's appointment was made at the conclusion of NatWest's first board meeting since the launch by the Department of Trade and Industry of an official inquiry into County's handling of the Blue Arrow affair.

In a brief statement after the two-hour meeting the board said it had "fully discussed" the situation arising from the appointment of inspectors to investigate County and has confirmed the existing posture

of the bank of not responding to press comment.

The statement went on: "Its silence must not, however, be taken as agreement with all that has been published. We believe that it is in the best interests of the enquiry that it should be conducted by the inspectors and we will continue to give them every possible assistance so that they may speedily make their report."

Mr Macdonald's appointment is likely to be greeted with some surprise in the City. Most of his career has been in the oil industry, including 23 years with Shell. Although he is an accountant by training and has extensive experience of the financial side of business, he has never been directly involved in merchant banking and securities markets, County's principal activities.

However, his five years at Dome demanded tough managerial skills and a high degree of financial ability, which he was able to supply to rescue the near-bankrupt company. Last autumn, Dome was bought by Amoco Canada for C\$6.5bn (US\$4.5bn).

Mr Green said last night that County would be more closely incorporated into the NatWest group under Mr Macdonald than it had been under his predecessors. "Market conditions have changed a lot," he said. "County will have sufficient freedom to do its job properly, but within a group context."

He said he had personally briefed Mr Macdonald fully on the DTI investigation but he declined to say whether he had presented him with a copy of an internal investigation into the Blue Arrow affair last year.

## Mexican troops arrest oil union leader

By Richard Johns in Mexico City

MEXICAN TROOPS swooped early yesterday morning to arrest Mr Joaquin Hernandez Galicia, leader of the oil workers and the most powerful union boss in the country, together with three of his closest aides.

In a major assertion of his authority, President Carlos Salinas de Gortari has mounted a showdown with the man whom his last three predecessors dared not challenge. La Quina, as he is known, had virtually become "a state within a state", capable of

holding successive governments to ransom through his ability to bring petroleum production to a halt and throttle Mexico's economy.

He was being brought to Mexico City yesterday charged with conspiring against the Government and undermining state security. Arrested with him were Mr Salvador Baragan Comacho, secretary general of the union, Mr Jose Sosa, his predecessor, and Mr Sergio Bolanos, an industrialist who has fronted for La Quina and the union in their business

deals, most recently their attempt to obtain a share of Aero Mexico when it was privatised.

They were arrested by army units who stormed La Quina's house in Tlalcoyotepec on the Gulf coast. Some press reports alleged that 300 US sub-machine guns had been found along with 50,000 rounds of ammunition.

Mr Hernandez developed an intense enmity towards Mr Salinas in 1984-5 when Mr Salinas was Minister of Planning

and the Budget. Mr Salinas with the backing of Miguel Alemán, then in Madrid, sought to modify the practice whereby the Union of Oil Workers of the Mexican Republic (STPRM) obtained for its companies more than 40 per cent of drilling contracts and 50 per cent of other work awarded by the state oil corporation. The STPRM has traditionally then sub-contracted the work for amounts said to be worth 25 per cent or so of the value of the work.

## Lawson, Brady meeting

Continued from Page 1

advocate of policy co-ordination, which he believes has helped spur the present investment boom in the major industrial nations.

The discussions were also expected to focus on the Third World debt issue. President-elect Bush has already announced that he will review US debt strategy.

This rash of bilateral meetings also reflects a simple desire on the part of the

visitors to get to know Mr Brady. Although Mr Brady attended the annual meetings of the International Monetary Fund and World Bank in West Berlin in September, he was newly in office and left most of the talking to Mr Alan Greenspan, the Federal Reserve Board Chairman.

Mr Stoltenberg's visit to Washington will also include meetings with Mr Greenspan, Mr James Baker, the Secretary of State designate.

## Saudi Arabia raises oil reserves estimate by 51%

By Steven Butler in London

SAUDI ARABIA has reaffirmed its position as the world's pre-eminent oil power with a 51 per cent increase in its estimate for recoverable crude oil reserves to 252,360m barrels at the end of 1988.

The 85bn barrel increase in reserves estimates, last reported at 167.4bn barrels, is roughly equal to 6% times all of the proven reserves discovered in the North Sea and puts it far ahead of Iran, its nearest rival, which claims 100m barrels of reserves. Some analysts also put Soviet reserves above 100m barrels.

Saudi Arabia has roughly 25 per cent of the world's proven oil reserves, a position that had been eroded by reserve upgrades reported in 1986 and 1987 by other members of the Organisation of Petroleum Exporting Countries.

The Oil & Gas Journal, the Houston-based weekly magazine, reported recently, before the Saudi announcement, that world oil reserves reached 907bn barrels last year.

The higher Saudi reserve

estimate was released by the Arabian American Oil Company (Aramco), which manages Saudi oilfields. Aramco said the higher estimate resulted from a six-year study.

Aramco also said the reserve figure could rise to 315bn barrels after further development work at the fields.

Reported reserve figures for Opec members are often greeted with scepticism because higher figures have been used in the cartel to claim a higher production quota. Saudi Arabia, however, has consistently adopted a conservative approach.

The new reserve figure has no immediate implications for oil prices, particularly since Saudi Arabia produces far below its capacity. Its oil production could now last for more than 40 years if it continued at the current Opec quota of 4.5m barrels a day.

Aramco also reported a rise in Saudi gas reserves from 142 trillion cubic feet to 177tcf, with a potential reserve of 253tcf.

WORLD WEATHER			
Area	Temp	Wind	Pressure
Abisko	14	14	1012
Alghero	14	14	1012
Algiers	14	14	1012
Amman	14	14	1012
Antwerp	14	14	1012
Athens	14	14	1012
Bahia	14	14	1012
Bangkok	14	14	1012
Barcelona	14	14	1012
Bombay	14	14	1012
Buenos Aires	14	14	1012
Calcutta	14	14	1012
Cairo	14	14	1012
Cardiff	14	14	1012
Chennai	14	14	1012
Copenhagen	14	14	1012
Dakar	14	14	1012
Dhaka	14	14	1012
Dublin	14	14	1012
Geneva	14	14	1012
Hanoi	14	14	1012
Hong Kong	14	14	1012
London	14	14	1012
Los Angeles	14	14	1012
Madras	14	14	1012
Manila	14	14	1012
Medan	14	14	1012
Mumbai	14	14	1012
Nairobi	14	14	1012
Paris	14	14	1012
Rangoon	14	14	1012
Reykjavik	14	14	1012
Rome	14	14	1012
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Taipei	14	14	1012
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Yokohama	14	14	1012

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\*Debenham Lawson & Chimocks Office Rent and Rates 1988.

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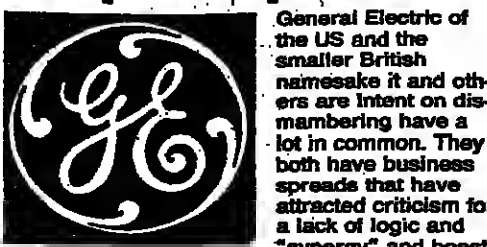
FINANCIAL TIMES COMPANIES & MARKETS

Wednesday January 11 1989

Loveell for quality homes

INSIDE

Electrically attracted but poles apart



General Electric of the US and the smaller British namesake it and others are intent on dismembering have a lot in common.

Up above Australia's graveyard

Western Australia has recently been a graveyard for company reputations. The October 1987 crash and last year's collapse of a local bank have put names like Mr Robert Holmes & Court, Mr Kevin Parry and Mr Laurie Connell on the sidelines.

Big Apple's rosy future

New York commodity futures tended to be overshadowed last year by the drought-inspired drama in Chicago's grain pits. Many of the Big Apple's markets turned in highly satisfactory performance.

Heavily in debt and trading furiously

Last year was an outstanding one for the secondary market in loans to developing countries. The market, where Third World loans trade often at a significant discount to face value, more than doubled in size compared with 1987.

Rambo comes out fighting

This year will either make or break Den Norske Creditbank, once Norway's largest bank. Mr Kristian "Rambo" Rambojer (left), chief executive, says the coming 12 months will prove to be the true test for a radical reorganisation programme implemented by himself and a recently appointed management "clean-up" team.

Market Statistics table with columns for Base leading rates, Benchmark Govt bonds, European options etc.

Companies in this section

Table listing companies like Accor, Apollo Hotel, B&T, British Land, Cambrian & Gen, etc.

Chief price changes yesterday

Table showing price changes for various markets like Frankfurt (Dsm), Paris, New York (Nys), etc.

Unilever seeks splash of scent

Christopher Parkes on a strategic move in the world of cosmetics

This is not the way Unilever likes to do business. The last thing it wanted to its negotiations to buy the Fabergé personal care business was a 'For Sale' sticker to appear on its target.

With half a dozen multinational competitors on the prowl for international brands in the skin care, cosmetics and perfume trade, the Anglo-Dutch group would have preferred its negotiations to buy Elizabeth Arden, Brut, Chloé and other names to have remained secret.

But word of preliminary negotiations was leaked out, and it may now face a messy and uncomfortable auction. Unilever was run out of the bidding for Richardson-Vick's by Procter & Gamble three years ago, and the rout still rankles, in spite of its subsequent coup with the purchase of Chesebrough-Pond's.

It was that deal which helped Unilever leapfrog the competition from sixth to second place in the world league of personal products manufacturers - a category ranging from toothpaste to fine fragrances - and gave it a prime position to the US market for skin care with the Vaseline and Pond's brands.

Now it is contemplating the prospect of world leadership. The main prize in the Fabergé portfolio is without doubt the internationally-known range of Elizabeth Arden skin creams and lotions for the face and body, which complement Vaseline's strength in hand care.

With Elizabeth Arden brands like Visible Difference and Millennium at the top end of the sector, and others in the middle range, Unilever would be able to cover the whole market in most

of the developed world. It is already present in the ultra-expensive sector with the Erno Laszlo brand.

This would fulfil two of the group's main ambitions in personal products: to take advantage of booming skin care sales which are being driven along at growth rates of up to 15 per cent by the ageing of western populations, and to spread its interests upwards from its traditional position in the supermarket to include outlets in high-class department stores.

With Procter exploiting the Richardson-Vick's Oil of Ulay name, L'Oréal of France, the world's leading cosmetics maker, moving down into the mass market and Japanese companies like Kao and Shiseido spreading quickly from their home base, the competition is increasing.

The proposed deal, which excludes Fabergé's clothing business, would also give a substantial boost to Unilever's new and rapidly developing interest in the international perfume market.

Late last year Chesebrough-Pond's sprang a new offshoot, Parfums International, with the aim of exploring the possibility of linking its odds and ends of international high-class perfume. A task force of US, French and Italian executives was delegated to assess the feasibility.

"The whole perfume business is on trial," Mr Bob Phillips, chief executive of Chesebrough-Pond's said recently. "It could grow into a whole new leg for personal products."

But whatever we do we cannot give away the top end of this business to Shiseido and L'Oréal and the others."

International distribution of Elizabeth Taylor's Passion, a high-price fragrance which swept the US at the launch to become the most successful new introduction on record.

Since then it has been successfully shifted into the UK, France, Italy and West Germany. Since Unilever officials said yesterday that it intended to keep the whole Fabergé business if the deal went through, the inference is that the feasibility of Parfums International is no longer in doubt.

With Passion already on its books, and the Bizarre range performing strongly for the group's Atkinsons subsidiary in Italy, it would be much reinforced by the introduction of Fabergé's Fendi, Chloé, Lagerfeld and KL names, along with the Blue Grass brand popular in the UK.

To enhance its existing presence with Denim in the international mass market for men's fragrance, a deal would give it the enduring and equally widely-sold Brut name for further exploitation.

The synergies are plain in terms of Unilever's general strategy, but while the assimilation of the new brands and production facilities should offer few difficulties, Unilever has little experience in dealing in up-market businesses.

Selling costly scents and lotions requires special skills in marketing and management. And although the goods may be relatively cheap to manufacture - Fassion is made in tax-free Puerto Rico - other costs are high.

For example, most of these products are sold through department stores, where manufacturers are expected to provide sales

World's top cosmetics groups

Table listing top cosmetics groups like L'Oréal, Shiseido, Avon, Unilever, Revlon (group), etc. with 1987 sales in FFrbn.



Whatever the outcome of the current negotiations, which are expected to take several weeks, Unilever still has a considerable amount of work to do on its international personal products business.

Long-running battle for LVMH nears climax

By Paul Betts in Paris

THE BATTLE for control of Moët Hennessy - Louis Vuitton (LVMH), France's leading champagne, cognac and luxury products group, is approaching a climax following an offer by Mr Alain Chevalier, the group's chairman, to resign.

Mr Chevalier is understood to have offered to quit following the rejection of plans, which he had backed, to reorganise the group by splitting its champagne and spirits activities from its leather, perfume and other luxury products interests.

He is widely expected to leave in the next few weeks, although he may come under pressure from some shareholders to reconsider. A key player is likely to be Guinness, the British drinks group, which has a substantial interest in LVMH. Mr Chevalier is a close and old friend of Mr Anthony Tennant, the Guinness chief executive.

The long-running battle for control of the company pits a group led by Mr Henry Racamier, head of the Louis Vuitton clan, against Mr Bernard Arnault, the youthful chairman of Financière Agache, a textile and luxury products company, who recently has consolidated his position as the dominant shareholder in LVMH.

Mr Arnault is understood to have spent between FF1.5bn (\$27m) and FF2bn at the end of last week to increase his stake in LVMH by about 8 per cent to assure himself of at least a 34 per cent blocking minority in the LVMH voting rights. Mr Arnault is now believed to control about 40 per cent of LVMH share capital through the Jacques Robert

Abdullah brothers to quit Evered

By Nikki Tait in London

THE ABDULLAH brothers, who turned Evered from a medium-sized engineering business into one of the more aggressively acquisitive British mid-conglomerates of the mid-1980s, are quitting their company, which is now mainly involved in quarrying and building products.

A surprise announcement from Evered yesterday said that Mr Raschid Abdullah, chairman, and Mr Osman Abdullah, chief executive, had "informed the company of their intention to resign at the next annual general meeting," likely to be held in June.

The official line was that this represented an amicable parting. The statement continued: "Raschid and Osman Abdullah feel that having achieved a strategic direction for the group in the much higher than the gross income of the financial year 1987."

Under the substantial share acquisition rules, Standard could only raise its stake by 10 per cent yesterday, although in a week's time it is free to buy again. It cannot go beyond 30 per cent, however, without making a full bid.

Explaining the action yesterday, Standard said that the Hammerson holding represented an important investment within the company's investment portfolio and a significant part of its total stake in property - put at some £2bn.

The company would also face a substantial tax bill if it sold the holding for cash. Estimates of Standard's holding have ranged around the £50m figure which Mr David Simpson, general manager (investment), said were "in the right ball-park."

Accordingly, Standard says it believes it is in policyholders' interests not to accept the Rodanuco offer and to increase its holding to Hammerson.

Mr Simpson added that this should not be read as refusal to sell under any conditions. "One has to say there is a price for everything," he commented. "If a bid was made at an attractive price, we would look at it."

There have been various rumours about rival bidding consortiums based round the Standard Life holding, but Mr Simpson said that Standard was acting independently yesterday.

Yesterday, the City appeared confused about the implications of the move, although most analysts seemed to view the Standard purchase as essentially protective of its own interests. Shares in Hammerson ordinary shares gained 25p to 965p while the "A" dropped from 921p to 894p.

Standard Life raids Hammerson

By Nikki Tait in London

STANDARD LIFE, the large Scottish life company, yesterday manoeuvred itself into a commanding position in the £1.5bn (\$2.3bn) bid battle between Dutch property investment company, Rodanuco, and its target, Hammerson, Britain's third largest property group.

In a dawn raid, stockbrokers BZW picked up 5.75m Hammerson ordinary shares on behalf of Standard Life at 111 pence - a total investment of £63.2m. This raised Standard's interest in Hammerson from 18.8 per cent to 28.8 per cent, making it by far the largest shareholder in the group.

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GrandMet in talks over sale of casinos

By Lisa Wood

Grand Metropolitan, the UK food, drinks and retailing group, yesterday announced it was in discussions with prospective purchasers of London Clubs, its gaming business, and these included the casinos' own management.

No price tag was given by GrandMet for the business, which has six casinos in London, five on board Cunard liners and the Casino des Fleurs in Cannes.

Analysts, however, suggested a sale price of about £150m (£267m). The business, which includes the Casanova, Palm Beach, Rendezvous and Golden Nugget clubs in London, has been a major cash generator for GrandMet.

However, in the financial year to September 30, London Clubs had what GrandMet described as a "difficult year" because of market conditions.

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KUWAIT-FRENCH BANK advertisement with logo and detailed text about the bank's operations and financial performance.



## INTERNATIONAL COMPANIES AND FINANCE

## Hewlett-Packard, Digital initiate marketing war

By Louise Kehoe in San Francisco

A MAJOR new marketing battle has broken out in the computer industry with the launch of aggressively-priced desktop computer products by Hewlett-Packard and Digital Equipment.

Both companies have adopted new strategies aimed at gaining an increased share of the \$5bn market for networked computer systems based upon high-performance desktop workstations.

Hewlett-Packard, in an unusually competitive move, slashed the prices of some of its existing workstation products by up to 44 per cent on Monday and introduced a new engineering workstation it claims is the lowest-priced product in its class.

Digital Equipment followed yesterday by unveiling a range of new desktop computers including workstations and personal computers that radically revamp its product line with technology acquired from outside the company.

For both companies, the announcements represent dramatic departures. HP, for example, seldom presents itself as a price leader, while DEC has previously focused upon proprietary products. Their

moves are seen as a major effort to halt the encroachment of a new breed of specialist workstation manufacturers into their traditional markets.

For HP, the challenge has come from such companies as Silicon Graphics, which has won a strong following among engineers in the market for computer-aided design systems with its three-dimensional graphics workstations. HP's new entry-level 3D graphics workstation, priced at \$14,900, undercuts the price of an equivalent Silicon Graphics product by \$1,000, while its price cuts on higher-performance systems add more competitive pressure.

In another aggressive move, HP has launched an attack upon DEC. Aiming to convert DEC customers to its minicomputer products, HP is offering software conversion services, the free use of an HP computer for three months and other incentives to current DEC computer users. Such tactics are especially surprising from HP, known for its "gentlemanly" approach to marketing.

DEC, however, surprised few with its announcements. The launch of the DECstation, a computer workstation based

upon a Reduced Instruction Set Computer (RISC) chip designed and manufactured by MIPS Computer, had been heralded by an agreement between the two companies signed last year. The product is, none the less, a significant departure from DEC's previous products, all of which have been based upon DEC's own VAX architecture.

With the adoption of the MIPS chip, DEC has acknowledged the popularity of RISC workstations, such as those offered by Sun Microsystems, and by offering a version of the standard UNIX operating system for the new workstation DEC appears to be moving towards the "open system" strategy Sun has pioneered.

The DECstation, priced at \$11,900 in a minimum configuration, and with performance of up to 14m instructions per second (MIPS), breaks the "31k per MIPS price barrier," DEC claims.

In further product announcements, DEC unveiled a range of IBM-compatible personal computer products, which represent a renewed effort by the company to meet its customers' needs by supplying standard PC products.

## Echo Bay's heart of gold reaps rewards

Kenneth Gooding on a Canadian mining company sought after in joint ventures

Gold plus growth, says Mr Bob Calman, chairman of Echo Bay Mines, has been the formula for the company's success since 1982. "And it sums up our plans for the future," he adds.

Since Echo Bay, based in Edmonton, Alberta, was spun off as an independent company by ICI International, the Philadelphia conglomerate, to provide investors with a "pure gold play" in politically stable North America, Echo Bay's gold output has jumped from 118,000 troy ounces in 1985 - its first full year of independence - to about 550,000 ounces this year.

This confirms the company as the fourth-largest gold miner in North America.

Mr Calman says Echo Bay is "still growing aggressively and is poised for major growth in the next 15 months." "Three new projects will bring Echo Bay an incremental 400,000 ounces of gold a year by the end of that period."

The company recently revealed that one of the projects, a new plan for the wholly-owned McCoy-Cove gold mine in Nevada, would cost about US\$220m instead of the \$155m previously forecast.

One of the most important elements in Echo Bay's rapid

advance has been its friendly attitude towards junior gold mining companies which often have excellent exploration skills and land positions but insufficient production experience or money. This continually opens up joint venture opportunities for Echo Bay.

As Mr Calman points out, 11 of the 12 gold mines in which Echo Bay has an interest were discovered by other companies. "Our stated public policy is nothing unfriendly," says Mr Calman. "The day we act like a predator is the day the phone stops ringing and people stop coming to see us."

Today many gold mining people see the way to wealth is to have Echo Bay as a partner. They come to us for money, experience and to be associated with a winner and because we have a reputation for honesty and forthrightness when dealing with our partners."

However, Mr Calman says that Echo Bay is interested only in projects that offer "growth per share." By that he means the company measures success by how much a venture contributes to earnings per share, cash flow per share, gold production per share and reserves per share.

A steady stream of potential deals continues to flow to Echo Bay's door but, although the

company is still willing to listen, its main priority in the next two years must be to get the three major new ventures in place.

This month, a scheme to double gold production at the Round Mountain open pit mine in Nevada, 50 per cent-owned by Echo Bay, will be completed. This will increase output to an annual 320,000 ounces from 190,578 in 1987.

Next year, the Kettle River mine, 70 per cent-owned and near the town of Republic in Washington state, will be brought into production and is expected to yield more than 110,000 ounces of gold during each of the first two years of its life.

However, the McCoy-Cove mine in Nevada is by far the most important of Echo Bay's development projects. The company has decided to expand its original plan for the mine to increase mill capacity from 5,000 tons of ore a day to 7,500 tons and the heap leaching (a cost-efficient method of gold extraction) facilities from 5,000 tons to 10,000 tons a day.

As a result, the company expects McCoy-Cove production to climb to about 225,000 ounces of gold and 2.7m ounces of silver this year and to more

than 330,000 ounces of gold and 6.5m ounces of silver in 1989, compared with 100,000 ounces and 700,000 ounces respectively last year.

In the early 1990s, unless there is further expansion, total production at McCoy-Cove is forecast to stabilise at about 400,000 equivalent ounces of gold a year (converting silver ounces to gold at an approximate price ratio of 70:1).

Present reserves give a 14-year mine life, but further exploration is going on. The life-of-mine gold production costs are estimated at \$230 an ounce in 1989 dollars, including smelting and refining costs. Included in the costs is \$3 an ounce to deal with excessive water at the mine which will be pumped away at the rate of 10,000 gallons a minute.

The company's cash costs last year were \$220 an ounce and are projected at \$210 for this year.

Depreciation and amortisation at McCoy-Cove are expected to add about \$55 an ounce.

Mr Calman says that financing for nearly all the expansion programmes has already been arranged in the form of gold and silver credit facilities totalling \$210m. The company has

therefore no plans to issue new equity or debt paper. That would be necessary only if a major acquisition were made.

Echo Bay hedges between 10 per cent and 33 per cent of its gold output to cover cash flow requirements. For 1989 it has sold gold forward and has gold loans covering 20 per cent of output, at an average price of \$445 an ounce. The loans attract interest of about 1.5 per cent a year.

Mr Calman says he will be glad when, in December, the company finishes paying off a gold loan covering the \$55m cost of the Round Mountain mine. It has been delivering 2,000 ounces of gold a month at \$307 an ounce to pay off this debt. The price looked good when the loan was raised but gold has averaged about \$400 an ounce this year.

This is a reminder that not everything always goes smoothly for any gold mining company, however successful. As another reminder that the risks remain great, at Echo Bay's joint venture with the Nunisco company, the Cameron Lake mine in Ontario, it was found that a gold price of \$550 an ounce was needed to make production worthwhile. So Echo Bay recently sold its 53.6 per cent stake to realise an after-tax loss of US\$2.5m.

## Shamrock to contest Polaroid ruling

By James Buchanan in New York

SHAMROCK, an investment group representing the interests of the Roy Disney family of California, said yesterday it would appeal against a Delaware court ruling that threatens to block its \$2.95bn offer for Polaroid, the maker of instant cameras.

Shamrock also extended its

\$40-a-share tender offer for the stock of the Cambridge, Massachusetts company until January 19.

Friday's decision by the Delaware Chancery Court to allow Polaroid to issue a big block of stock to its employees is regarded on Wall Street as a significant hurdle to the ambi-

tions of Mr Disney, the nephew of the celebrated film-maker, Walt Disney.

Under the state law of Delaware, where Polaroid is incorporated, Shamrock must control at least 85 per cent of Polaroid or wait three years to enjoy important tax and other benefits of a merger.

## Cigna employees plan division buy-out

By Nick Bunker

EMPLOYEES of Cigna Corporation, the US insurer created by a merger in 1982, are working on plans for a leveraged buy-out of its US individual financial services division (IFSD), in what may be an unprecedented move within the insurance industry.

The division, with 2,200 employees, 1988 revenues of nearly \$800m and \$36m of after-tax earnings in the first nine months of last year, was part of Connecticut General, the life and health insurance group that merged with the insurance company of North

America (INA) to form Cigna six-and-a-half years ago.

The division sells life and disability insurance and investment products to individuals and corporations, but Cigna decided late last year that in future these would not be core activities for the group.

## W. Germany 'losing out' in foreign acquisitions

By David Goodhart in Bonn

THE VIEW that West German companies are lagging behind in the 1987-related takeover chase appears to be borne out in an analysis of 1988 takeovers by M & A International of Königstein, the acquisition consulting firm.

Although the number of foreign acquisitions by West German companies rose from 131 in 1987 to 179 last year (15 per cent of the total), that is still far below the number of German firms bought by foreigners, which rose from 223 to 344 (28 per cent of the total). The favourite site for German foreign acquisitions, as in the UK, continues to be the US.

The US accounted for 53 of the 179 foreign acquisitions, France was second with 23, the

UK third on 15 and the Netherlands fourth on 11. The total number of EC country acquisitions rose by only four last year, from 70 in 1987.

"Regrettably, German companies are still hesitant about expanding in Europe and are thus losing valuable time," M & A International says. "Many foreign groups move faster and seem to have clearer geographical objectives."

The number of acquisitions involving German companies rose by 30 per cent in 1988 to 1,203, which M & A says demonstrates that the vigorous expansion of the merger market, which began in 1984, is continuing. US companies retained the lead in the foreign buyers' league with 83 deals, up from 54 in 1987.

## Gulf + Western ahead

By Karen Zagor in New York

GULF + WESTERN, the film, publishing and financial services group, yesterday reported another year of growth, thanks to record performances in its publishing and finance businesses and the success of its films, Crocodile Dundee II and Fatal Attraction.

Net profits for the fourth quarter ended October 31, 1988, were \$144m or \$1.21 a share, against \$130m or \$1.05 for the same period the previous year.

For the full year, Gulf + Western reported net profits of \$384.7m or \$3.21 a share, compared with \$356.1m or \$2.88 a year earlier, on revenues of \$5.1bn against \$4.7bn.

During 1988, the company repurchased about 5.6m of its common shares. Its cash balance at the end of 1988 was \$616m, an increase of 69 per

cent over \$565m at the close of 1987.

According to Mr Martin Davis, Gulf + Western's chairman and chief executive: "Earnings had an extraordinary year, with results second only to the record fiscal performance in fiscal 1987."

This was despite a number of resounding flops, such as Presidio, starring Sean Connery, and Big Top Pee-wee, featuring the ubiquitous Pee-wee Herman.

Earnings were ahead in consumer finance, with The Associates, Gulf + Western's financial services arm, registering record earnings for the twelfth consecutive year with assets of more than \$12bn.

Mr Davis said the company's publishing-information business continued to grow signifi-

cantly, with Simon & Schuster's revenues approaching \$1.2bn.

However, increased costs in developing textbooks held back earnings in educational publishing for schools.

Following the announcement of the company's results, shares in Gulf + Western rose by 3/4% to \$42 1/2 on the New York Stock Exchange.

The year was less kind to MGM/UA Communications, the film and television studio, which recorded an operating loss of \$14.3m before non-operating income and expenses as well as interest expense.

Following the news, the company's stock was trading at \$13 1/2, down 3/4% on the New York Stock Exchange.



RESULTS FOR THE YEAR ENDED 1st OCTOBER 1988

## ANOTHER RECORD YEAR

	1987	1988	
Earnings Per Share (pence)	5.46	8.45	+ 55%
Dividend Per Share (pence)	1.625	2.2	+ 35%
Profit Before Tax (£000's)	2,367	5,356	+126%

## OUTLOOK

"Profits to date are well ahead of last year and with order backlogs at record levels, we are optimistic for the future."

E.R. Jaynes  
Chairman

The above information for the years 1988 and 1987 is abridged. The auditors have reported without qualification for both years. The accounts for 1987 have been sent to the Registrar of Companies and those for 1988 will be delivered to the Registrar in due course.

The securities referred to below have not been registered under the United States Securities Act of 1933, as amended, and may not be offered, sold or delivered directly or indirectly in the United States of America or to United States persons. These securities having been sold, this announcement appears as a matter of record only.

New Issues

December 1988

## Nestlé Holdings, Inc.

(Incorporated in the State of Delaware, United States of America)

ECU 250,000,000  
7 3/8 per cent. Notes due 1991

## Bankers Trust International Limited

Banque Bruxelles Lambert S.A.	Banque Paribas Capital Markets Limited
Crédit Commercial de France	Credit Suisse First Boston Limited
SBCI Swiss Bank Corporation Investment banking	Union Bank of Switzerland (Securities) Limited
Amsterdam-Rotterdam Bank N.V.	BNP Capital Markets Limited
BNL Investment Bank plc	Chase Investment Bank
Citicorp Investment Bank Limited	Commerzbank Aktiengesellschaft
Crédit Lyonnais	Deutsche Bank Capital Markets
Dresdner Bank Aktiengesellschaft	Generale Bank
HandelsBank NatWest	Istituto Bancario San Paolo di Torino
Leu Securities Limited	Lombard, Odier International Underwriters S.A.
Morgan Stanley International	Pictet International Ltd
Sanwa International Limited	Yamaichi International (Europe) Limited
Julius Baer International Limited	Banca del Gottardo
BSI - Banca Della Svizzera Italiana	Bank J. Vontobel & Co. AG
Banque Générale du Luxembourg S.A.	Banque Privée Edmond de Rothschild S.A., Geneva
Compagnie de Banque et D'Investissements, CBI	Nomura International Limited
Swiss Cantobank Securities Limited	Union de Banques Arabes et Françaises - U.B.A.F.



INTERNATIONAL COMPANIES AND FINANCE

# Wesfarmers cultivates its roots

Chris Sherwell on an Australian company that is bucking a trend

Western Australia has recently been a graveyard for company reputations. The October 1987 stock market crash and last year's collapse of a local bank have sidelined names such as Mr Robert Holmes & Co, Mr Kevin Barry and Mr Laurie Council. Even the biggest survivor, Mr Alan Bond, is struggling to prove his group's strength.

Yet, apart from the chaos stands a company that has continued its expansion and expects to do better still in 1989 and 1990. Extraordinarily for the state, it is neither an entrepreneurial nor a mining group, but an industrial company with rural roots - and a host of others.

The company is Wesfarmers, set up in 1914 as a farmers' co-operative and now one of the state's largest companies. Its main business is fertiliser and chemicals manufacture, but it also has diverse interests in gas, transport, retailing, rural agency work, dairy activities and finance.

Its record since listing in 1984 includes a fivefold increase in attributable profits to A\$7.5m (US\$4.6m) and a growth in market capitalisation from A\$90m to just under A\$700m.

Its share price performance is virtually unmatched. Having reached a high point of A\$5.50 before the crash, it first sagged to A\$3.60 in line with the market and then surged to a high of A\$10.20. After a recent share split, it now trades at the equivalent of more than A\$9.

According to Mr Trevor Eastwood, the main force behind Wesfarmers' success, the group's present return of 22 per cent on shareholders' funds probably ranks it in the top 5 per cent of listed Australian companies. And most interestingly, analysts expect this to improve.

These days, Wesfarmers is foremost a fertiliser and chemicals manufacturer. More than half its profits come from these activities, with the bulk from fertilisers, in which it has a

competitive monopoly in the state.

For some time Mr Eastwood has considered expanding Wesfarmers into an international force by building a large-scale A\$450m ammonia and urea plant with Norsk Hydro. However, because of the state of the market those plans have been deferred indefinitely.

In chemicals, though, he has pressed ahead and built a chloralkali plant to supply chlorine to the local market and a sodium cyanide plant to service the booming local gold industry, which uses the chemical in the metal's extraction.

He has also expanded into explosives by buying BP Australia's 80 per cent holding in explosives group Ewinans Nitrogen Company (KNC). Through a series of transactions, initially involving Dupont of the US but now with Dyno of Norway, Wesfarmers has quickly built up a 40 per cent market share in Australia and is poised to take on the South-East Asian market.

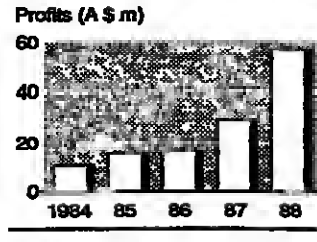
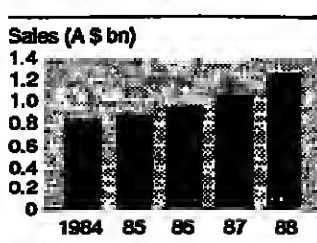
By contrast, the group's gas processing and distribution business generates less in profits but has a longer tradition within the group. The company has distributed liquefied petroleum gas for years, but in a major development it recently set up an A\$105m LPG extraction plant to remove propane and butane from the North-West Shelf gas stream.

The plant is located at the Kwinana industrial site south of Perth, near its explosives plant. The twisting steel structures of these major complexes stand in sharp contrast to the group's elegant modern headquarters overlooking the Swan River in Perth.

Mr Eastwood has made the office one of the city's most distinctively furnished buildings, with a vast collection of valuable Australian paintings on the executive floor and, in the foyer, a colourful display of old agricultural machinery to serve as a reminder of Wesfarmers' origins.

These links to the land remain vital. The group's tradi-

Wesfarmers



tional rural activities - buying and selling wool and stock and station sales - account for more than 15 per cent of profits, while its dairy operations contribute another 7 per cent. Transport and rural retailing activities add a further 10 per cent.

Another illustration of these agricultural ties is the group's board. All but three members - no less than 13 directors - are farmers by background.

Indeed, even after two restructurings - the first in 1984 to go public and a second late last year - Wesfarmers remains fundamentally a farmers' company. Directly or indirectly, the original co-operative still controls 59 per cent.

Yet there is no doubting that the Wesfarmers of the late 1980s is a modern outfit - and that it is the brainchild of Mr Eastwood. Unlike his fellow directors, he is an engineer by training. He is also a graduate of the Harvard Business Management School's advanced management programme.

However, he is not new to Wesfarmers. He joined the group in the mid-1960s and by the time he rose to become chief executive in 1984, he knew how he wanted to run it.

Helping him is the key figure of Mr Michael Chaney, who

comes from a well-known Perth family and trained as a geologist. He has an MBA and worked in the Australian Industrial Development Corporation before joining Wesfarmers in 1983.

Together, these two, by imposing their own management style, have transformed a sleepy but solid co-operative owned and run by farmers into a dynamic industrial and rural group run along strict financial lines which is swelling the pockets of its shareholders.

Their philosophy is simple but effective. Their main aim is to improve returns on the group's assets. All parts of the business have a target of 25 per cent return on capital. Less than 20 per cent and they face what Mr Eastwood calls "the ultimate capital reduction."

Second, they try to make the group grow in steps, to preserve flexibility. That was how it moved into explosives. It was also how it got out of both a South Australian fertiliser group and a mining venture: offers came for its holdings that it could not justify on its own criteria.

Finally, the two insist on conservative financial policies - gearing no higher than 55 per cent, interest cover of at least four times - and accounting systems that monitor all activities on a rolling 12-month basis.

Broking analysts like Wesfarmers' strong cash flow and its attractive new dividend policy. Ask what its weak spots are, and they are hard pressed. However, they cite the good fortune that has helped Wesfarmers on its way - in particular, the rural upturn, which has helped its fertiliser business as well as its traditional operations - and say such luck may not last.

Wesfarmers says in response that it has diversified to counter such vulnerability. However, the question is whether it has done enough, either in sectoral terms or geographically. The answer will only come if and when the economic cycle reverses.

## Elders sells stake in US brewer

ELDERS, the Australian brewing and investment group, has sold its small stake in Anheuser-Busch Companies, the US brewer, agencies report.

Elders Investments, a 76.7 per cent-owned Hong Kong subsidiary of the parent Elders Ltd, last September revealed it had taken a 0.84 per cent stake in the company, which brews Budweiser beer.

However, documents relating to Elders' plan to take Elders Investments private no longer list the Anheuser-Busch stake. Mr Alexander Cummins, Elders Investments chief executive, confirmed that the parcel had been sold in October.

"In a group as diverse as ours we take this kind of investment because they sometimes develop into major acquisitions," Mr Cummins said. "In this case we decided we had more important things to invest in."

Elders considered Anheuser-Busch "an awesome company" and was "always keeping an eye on it in the longer term," he added.

## Sumitomo Bank applies to join MasterCard

By David Barchard  
SUMITOMO BANK, the largest issuer of Visa cards in Japan, has applied to join MasterCard International. It is expected to begin issuing MasterCards in April.

Sumitomo is to become a member of the organisation through its subsidiary Sumitomo Credit Service. A total of 21 of the bank's affiliated institutions have agreed to issue MasterCards.

Meanwhile, an official at the Regional Banks Association of

Japan said yesterday that member banks in the association were planning to issue major US and Japanese credit cards to their customers for the first time.

Regional banks are likely to begin issuing Visa, MasterCard and JCB cards in 1990, the official said. The decision to join credit card networks reflects the need for credit cards felt by growing numbers of Japanese when travelling and shopping abroad.

## Hong Leong in Apollo bid

HONG LEONG Enterprises, a Singapore investment holding company with interests in property and finance, has launched a takeover bid for Apollo Enterprises, owner of the island's Apollo Hotel. AP-DJ reports from Singapore.

The company plans to pay \$4.70 per share. Apollo last closed at \$4.65 on the Singapore Stock Exchange before trading was suspended on Monday. The offer values Apollo at some \$354m

(US\$27.8m). Hong Leong has built a stake in Apollo in two transactions. It bought 5.6m shares, or 17.6 per cent, through a subsidiary of King's Hotel, which is owned by the Hong Leong group. On Monday Hong Leong further agreed to acquire 4.5m shares at \$4.70, representing 14.1 per cent of the capital. The offer is conditional on Hong Leong gaining more than 50 per cent of the voting rights in Apollo.

## Chiat/Day 'to make Mojo offer'

MOJO MDA, Australia's only listed advertising agency, said yesterday it expected a friendly takeover bid from Chiat/Day, a US creative agency, AP-DJ reports from Sydney.

Mojo said in a statement to the Australian Stock Exchange that discussions being held with several international advertising organisations could lead to the company being taken private, with its two main operating divisions becoming involved in separate international joint ventures.

Mojo said it made the statement because of press speculation about a restructuring of the company.

If the plans for a takeover offer proceed, the Mattingly agency, a unit of Mojo, and Mojo's Marketing Communications division would be sold to a joint venture comprising Eurocom of France, Japan's Dentsu, Young & Rubicam of the US and Mr Malcolm Gray and Mr David Mattingly, two Mojo directors.

Mojo said discussions had been based on a bid of A\$2.20 a share for Mojo by Chiat/Day. Such a bid would amount to around A\$69m.

Mojo has offices in Sydney, Brisbane and Perth, as well as international offices in New York, San Francisco, London, Houston, Singapore, Hong Kong and Auckland. It claims international billings of around A\$90m.

The agency says the Mojo agency would represent a first move by Chiat/Day to expand internationally through links with other high-profile creative agencies and discussions have taken place with leading UK/European groups," Mojo said.

If the takeover goes ahead, a new company called Chiat/Day/Mojo would be formed. It would have projected billings for 1989 of more than US\$1bn, placing the company among the 20 largest advertising agencies in the world.

The Mattingly agency and Marketing Communications would become part of an international agency, HDM, to be known as HDM Mattingly.

Mr Gray, a Mojo director, said the agency found it "too restrictive" as a stock exchange listed company. The company went public in 1987. "Advertising isn't suited to being a public company," he added.

Mojo shares traded below the projected offer price at A\$2.15 after the announcement yesterday, down from Monday's close of A\$2.55. Kelly Services, the US personnel placement group, said it had acquired the business of City Consulting Group, a private Australian personnel company. Reuter adds from Melbourne.

No price was disclosed for the acquisition.

New Issue This announcement appears as a matter of record only January 10, 1989

# WGZ International Finance N.V.

Amsterdam, The Netherlands

## DM 200,000,000 5 5/8 % Deutsche Mark Bearer Bonds of 1989/1997

Guaranteed by Westdeutsche Genossenschafts-Zentralbank eG, Düsseldorf

Issue Price: 101 1/4 %  
Interest Rate: 5 5/8 % p.a., payable annually on January 10  
Repayment: January 10, 1997, at 105 % of the principal amount  
Put Option for the Bondholder: Each Bondholder shall be entitled to present his Bonds for redemption prior to maturity on the interest payment dates in 1994 through 1996, such redemption to be made in January 1994 at 100 %, in January 1995 at 101 1/4 % and in January 1996 at 103 1/2 % of the principal amount.  
Listing: Düsseldorf

- |  |   |   |
|--|---|---|
| Trinkaus & Burkhart<br>Kommanditgesellschaft auf Aktien          | Banca del Gottardo  | Westdeutsche Genossenschafts-Zentralbank eG         |
| Amro Handelsbank<br>Aktiengesellschaft                           | Bayerische Landesbank Girozentrale                          | Commerzbank<br>Aktiengesellschaft                   |
| Bayerische Hypotheken- und Wechsel-Bank<br>Aktiengesellschaft    | Deutsche Bank<br>Aktiengesellschaft                         | Dresdner Bank<br>Aktiengesellschaft                 |
| Deutsche Bank<br>Aktiengesellschaft                              | Industriebank von Japan (Deutschland)<br>Aktiengesellschaft | DSL Bank<br>Deutsche Siedungs- und Landesrentenbank |
| Landeskreditbank Baden-Württemberg                               | Samuel Montagu + Co.<br>Limited                             | Kreditbank International Group                      |
| Sal. Oppenheim jr. & Cie.  | Rabobank Nederland  | Norddeutsche Landesbank Girozentrale                |
| Schweizerischer Bankverein (Deutschland) AG<br>Investmentbanking | Schweizerische Bankgesellschaft (Deutschland) AG            | Société Générale - Elsassische Bank & Co.           |
| M. M. Warburg-Brinckmann, Wirtz & Co.                            | Westdeutsche Landesbank Girozentrale                        |   |

## Guinness strikes Korean deal

By Lisa Wood  
UNITED DISTILLERS (UDG), the spirits operation of the UK's Guinness drinks group, has signed an exclusive joint venture agreement with Jiro, South Korea's largest spirits company, to distribute its Scotch whisky brands in Korea.

The deal anticipates the Korean Government's declared intention to liberalise the market for imported drinks, which

at present have very limited distribution in Korea. Initially the agreement covers the UK group's VAT 69 whisky, but agreement in principle has been reached for the distribution of other Scotch brands.

UDG, which will have exclusive access to Jiro's distribution network, said this would place it in a strong position in a market where imported pre-

mium spirits were seen to have considerable potential. The agreement is part of UDG's strategy of taking greater control over the distribution of its brands. In the past year it has established a series of joint venture businesses with Moët Hennessy and, in some cases, Jardine Matheson, across South-East Asia.

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**NOTICE OF RATE OF INTEREST**  
BANQUE EXTREME ORIENT D'ALGERIE  
US\$100,000 FLOATING RATE  
ESMIL NOTES DUE 1988  
In accordance with the provisions of the Reference Agency Agreement between Citibank N.A. dated as of June 8, 1978, notice is hereby given that the Rate of Interest has been fixed at 10.3125% p.a. and that the Coupon Amount payable will be US\$10.3125 and that such amount has been computed on the actual number of days elapsed 181 divided by 360.  
As a result of the principal repayment of \$500 per Note due, July 11, 1988, pursuant to condition 1 of the Note, the value of such Note will accordingly be reduced to \$3,000.  
CITIBANK, N.A. London  
CIBI Dept.  
January 11, 1989, Agent Bank

**The Hongkong and Shanghai Banking Corporation**  
(Incorporated in Hong Kong with limited liability)  
**U.S. \$400,000,000**  
PRIMARY CAPITAL UNDATED FLOATING RATE NOTES  
(MPLD 827825)  
Notice is hereby given that the Rate of Interest has been fixed at 9.5000% and that the interest payable on the relevant Interest Payment Date April 11, 1989 in respect of \$5,000 nominal of the Notes will be \$119.53 and in respect of \$100,000 nominal of the Notes will be \$2,390.63.  
January 11, 1989, London  
By: Citibank, N.A. (CIBI Dept.), Agent Bank  
**CITIBANK**

**Kraft, Inc.**  
has been acquired by  
**Philip Morris Companies Inc.**  
The undersigned acted as financial advisor to The Board of Directors of Kraft, Inc. in this transaction.  
**LAZARD FRÈRES & Co.**  
January 10, 1989

**Westdeutsche Landesbank**  
Düsseldorf  
has increased its majority shareholding in BKA Bank für Kredit und Aussenhandel AG, Zurich to 100% as a wholly owned subsidiary.  
As of January 1, 1989 the bank will be called  
**Westdeutsche Landesbank (Schweiz) AG**  
Stockerstrasse 43, Postfach,  
8039 Zurich, Telephone 01 202 6950  
Its swiss bank for investment and private banking



INTERNATIONAL COMPANIES AND FINANCE

Sacked Co op chief plans legal battle

By Haig Simonian in Frankfurt

MR BERND OTTO, the sacked chief executive of Co op, the leading West German food retailer which is now majority-owned by four foreign banks, is planning legal action against his summary dismissal in a further twist to the already complex Co op saga.

According to Stern, the weekly German magazine, Mr Otto and his two former boardroom colleagues, Mr Werner Caspar and Mr Dieter Hoffmann, have been meeting their lawyers in Switzerland to discuss their tactics.

Co op, which floated part of its shares in October 1987, has been experiencing acute cash-flow problems and highly adverse publicity after a string of allegations of financial irregularities and mismanagement since last October, amid reports of six-figure salaries and generous profit-sharing arrangements for its three former board members.

Mr Hoffman, who was also sacked in December, must be distinguished from Mr Dieter Hoffmann, the former head of the Neue Heimat building group, who is now a prominent lawyer in Frankfurt and is not associated with the Co op concern.

Mr Otto describes as "nonsense" accusations that he and his colleagues received some DM6.5m in a profit-sharing

arrangement deliberately paid through a non-consolidated Co op subsidiary to keep the figure of the parent company's balance sheet, according to the report.

Although not referred to explicitly, the profit-sharing arrangements, along with various other unspecified misdemeanours, are believed to have played a part in the decision by Co op's supervisory board to sack Mr Otto and his colleagues for what were only described as "serious reasons."

Co op itself, which is currently being run by an "interim" managing board pending the appointment of a new team, declined to comment on the interview yesterday.

No date has yet been set for the company's next supervisory board meeting, which is expected to announce the names of its new top management.

Meanwhile, there are signs that Co op's trading difficulties may not be as temporary as some bankers involved in the rescue have implied. According to preliminary figures leaked to the German press, group sales rose to DM12.2bn last year from DM10.4bn in 1987.

However, much if not all of the increase appears attributable to new acquisitions. The 15 per cent rise in turnover by



Mr Otto described the accusations as 'nonsense'

Strong progress reported by US paper group

By James Buchan in New York

INTERNATIONAL PAPER, the largest US paper company, continued its strong progress in the fourth quarter of 1988 and expects to post higher earnings through the current year.

The New York-based company, which is leading a sturdy and long-lasting cyclical boom in the North American paper industry, reported a 65 per cent increase in December quarter net earnings.

This marks a modest slowdown in International Paper's growth of 90 per cent reported in the 1988 third quarter, and 100 per cent in the second quarter, but shows that demand and prices for paper products remain strong.

In the December quarter, International Paper sold its earnings were \$200m, \$1.51 a share on the strength of a 25 per cent rise in sales to \$3.5m. The performance lifted earnings for the year as a whole to \$754m or \$6.57 a share, an increase of 85 per cent. Sales were 2 per cent up at \$8.5m.

Mr John George, chairman, said: "Our white papers, market pulp and packaging businesses turned in particularly impressive results in 1988. For the second consecutive year, all our mills producing paper and paperboard operated at or near capacity throughout the year."

Mr George announced that the company would increase its capital spending to \$900m to modernise plants and to provide "selective capacity additions."

The US industry, anxious about a cyclical downturn, has been cautious about adding new paper capacity.

"We will continue to emphasise investments in higher-margin, value-added products which are less sensitive to economic cycles," he said.

Mr George said that he believes markets for paper and paperboard will remain strong.

Rambo faces his toughest test

Karen Fossli reports on the fight DnC's chief has on his hands

DEN norske Creditbank (DnC), once Norway's largest bank, faces a true test this year which could either make or break the radical reorganisation implemented by Mr Kristian Rambo, DnC's newly appointed chief executive, and his hand-picked clean-up team.

By his own admission Mr Rambo knows that in 1989 "we will face the first test of what we've been trying to do to restore the health of DnC."

In August, DnC revised upwards its forecast for local losses in 1988 to Nkr1.5bn (\$225m) from an earlier estimate of Nkr1.1bn. For 1987 the bank suffered losses on loans and securities of Nkr1.6bn and a record number of bankruptcies in Norway and widespread economic problems caused by low oil prices.

Two years of losses, a plunging equity ratio, combined with a criminal lawsuit against a former securities dealer, and a top-heavy organisational structure laden with myriad managers, is what Mr Rambo took on when he joined DnC.

Mr Nils Landnes, who was chosen to lead the banking division, explained that for years DnC had been plagued by a lack of organisational accountability, no scrutinisa-

tion of loans, no systematic approach to management and had long forgotten what he described as being the "handcraft" of the banking business.

"What DnC was into was 'sales pushing,'" he said - or "making money on loans and taking greater risks in foreign exchange to retain its competitive edge over the other two big banks, Christiania and Bergen Bank."

Six trouble-shooting teams were established to look in-depth at the bank's budget, staffing, marketing approach structure and losses. The teams were meant to identify what was necessary to clean up these individual problems.

The sweeping changes introduced in 1988 included a 20 per cent cut in staff and reorganisation into four divisions from five. Domestically DnC has divided the country into five major regions where 22 district offices will oversee 44 local bank affiliates.

The district branches will play a major role in the new organisational structure as they will have to account to Oslo for their respective local banks. They will also become "held oriented."

In addition, the volume of the bank's loans has been cut by 10 per cent and costs have been cut by 20 per cent.

Mr Rambo has also taken



Kristian Rambo: trying to restore DnC's health

The bank's 60,000 shareholders and its clients were sent letters of explanation of the changes being made within the bank by Mr Rambo and promises of returning to profit by 1990.

"With profitability as our main goal, DnC will become a more effective and market-oriented bank with a rational operation which promises to secure a high standard of service," the letter says.

Should Mr Rambo's efforts pass the test of 1989, he says that he does not rule out co-operation or even a potential merger with another bank or insurance company to further strengthen DnC's future.

This would have to clear the Norwegian authorities which have held a restrictive stance on bank ownership. There are signs, though, that they are opening up to increased foreign ownership in Norwegian industry and insurance companies, which have struggled this year to raise fresh capital in Norway's lacklustre stock market.

However, the outlook in Norway for 1989 is gloomy, scoring unemployment and bankruptcies which are expected to top 1988's official forecast of a record 4,500 to 5,000 - a situation which even Rambo couldn't turn around.

This announcement appears as a matter of record only.

December, 1988

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(A subsidiary of Cineplex Odeon Corporation)

**£30,000,000**

Medium Term Credit Facility

Arranged by  
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Bankers Trust Company	Bank of Scotland
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The Long-Term Credit Bank of Japan, Limited	Crédit du Nord London Branch

**Bankers Trust Company**  
Agent

**ACEC in new Alstom deal**

By Tim Dickson in Brussels

ACEC, Belgium's depressed electrical engineering company, which is controlled by Société Générale de Belgique, announced yesterday that it has sold a majority stake in its industrial controls business to CGEE Alstom, the subsidiary of France's Compagnie Générale d'Electricité.

The move almost brings to a close the series of disposals and new joint venture projects at Acec inspired by the La Générale management brought in by the company's new owners Compagnie Financière de Suez after its bitter takeover battle last year with Mr Carlo De Benedetti.

Acec Automatismes, as the industrial controls activity is known, employs about 250 people and is expected to achieve sales of BFr1.5m this year, of which 20 per cent will be exported. No price for the transaction has been disclosed.

**RWE's profits edge downward**

RHEINISCH-Westfälisches Elektrizitätswerk (RWE), the West German electric utility, yesterday reported that group net profit in the year ended June 30 declined by 1.6 per cent to DM779m from DM795m in fiscal 1987, AP-DJ reports.

Sales dipped 1 per cent to DM26.96bn from DM27.16bn in the previous fiscal year. The 1988 figure does not include the results from RWE's new subsidiary DEA Mineraloel, formed on the basis of the former Deutsche Texaco, acquired by RWE from Texaco last June.

Mr Friedhelm Gieske, RWE's chairman said RWE will keep the dividend steady at DM5 per share.

Last year he had said earnings in 1987/1988 would not be "better" than in the previous fiscal year because of high write-offs related to RWE's investment in pollution control.

**Accc - owned 51 per cent by Cedeo, which in turn is 65 per cent controlled directly and indirectly by La Générale - has already sold 51 per cent of its energy subsidiary to Alstom and is in the process of finalising the sale of its entire transport business to the French group.**

Acec's turbo generator activity at Ghent was recently sold to ABB and negotiations are proceeding to dispose of its SDT (Space, Defence and Telecommunications) subsidiary. Local press speculation that the French telecommunications group Alcatel will take a 60 per cent stake and the La Générale subsidiary Tractebel and the regional investment company of Wallonia each 20 per cent, is understood to be not far wide of the mark.

Petrofina, the Belgian oil major, is shortly expected to announce record profits of some BFr20bn (\$298m) for 1988, due chiefly to sustained improvement in petrochemicals, David Buchan reports.

Advance notice of the 1988 profit figures which compares with BFr17.5bn for 1987, shipped out from a private briefing yesterday of Petrofina employees by Mr Jean-Pierre Amory, president.

The company yesterday confirmed the news, but said it would wait until the end of this month to publish full details, plus the dividend it would propose to the annual shareholders meeting in May.

Petrofina is Belgium's largest industrial company with 22,000 employees worldwide, including the US where it owns American Petrofina. Its previous record profit of BFr18.5bn came in 1986, and its performance in 1987 was depressed by low gas prices and renewed price competition in refining.

**Inspectorate buys remaining stake for \$37m**

By William DuMorris in Geneva

INSPECTORATE, the Swiss services group controlled by Mr Werner Rey, is paying \$37m to acquire the remaining shareholdings in Interactive Technologies of Dallas, a company specialising in advanced security systems.

Inspectorate said yesterday that a shareholders committee had recommended acceptance of its offer of \$174 a share and 89% a warrant made through Network Security, the US subsidiary it acquired in 1987. Network already held more than half the share capital.

With the addition of Interactive Technologies' turnover - some \$20m last year - the Inspectorate group's sales of security equipment should reach \$Fr165m (\$110m) in 1988.

U.S. \$400,000,000

**The Kingdom of Belgium**

Tranche A: U.S. \$150,000,000 Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 11th January, 1989 to 11th July, 1989 the Notes will bear interest as follows:

Tranche A at 9 1/8% interest payable on 11th July, 1989 will amount to U.S. \$4,807.81 per U.S. \$100,000 Note.

Agent Bank:  
**Morgan Guaranty Trust Company of New York**  
London

**PAN-HOLDING**  
SOCIETE ANONYME  
LUXEMBOURG

Based on a provisional unaudited statement of the accounts as of December 31, 1988, the company's consolidated net asset value amounted to usdol 278,991,642.05 i.e. usdol 453.64 for each of the 615,000 shares of usdol 100 making up the company's capital.

The consolidated net asset value per share amounted as of December 31, 1988, to usdol 461.72.

**BANK OF NEW ZEALAND**  
Cayman Islands Branch

**NZ \$150,000,000**  
Floating Rate Notes 1992

For the three months 10th January, 1989 to 10th April, 1989 the Notes will carry an interest rate of 13.95909 per cent per annum.

Interest payable on the relevant interest payment date, 10th April 1989 will amount to NZ \$34,419.67 per NZ \$1,000,000 Note and NZ \$172,098.37 per NZ \$6,000,000 Note.

Agent Bank:  
**Morgan Guaranty Trust Company of New York, London**

**Shearson Lehman Brothers Holdings Inc.**  
(Incorporated in Delaware)

**U.S. \$300,000,000**  
Floating Rate Notes Due October 1996

For the three months 11th January, 1989 to 11th April, 1989 the Notes will carry an interest rate of 9.5375 per cent per annum and interest payable on the relevant interest payment date 11th April, 1989 will amount to U.S. \$238.44 per U.S. \$10,000 Note.

By Morgan Guaranty Trust Company of New York, London Agent Bank

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LONDON PARIS TOKYO ZURICH GRAND CAYMAN GUERNSEY

STATEMENT OF CONDITION, DECEMBER 31, 1988

<b>ASSETS</b>	
Cash and Due from Banks	\$ 205,823,857
U.S. Government Securities, Direct and Guaranteed	110,350,082
State and Municipal Securities	90,027,644
Federal Funds Sold	22,100,000
Loans and Discounts	402,030,377
Customers' Liability on Acceptances	27,138,546
Interest and Other Receivables	26,828,221
Premises and Equipment, net	25,781,065
Other Assets	7,204,980
	\$1,122,948,412
<b>LIABILITIES</b>	
Deposits	\$ 688,050,033
Federal Funds Purchased	98,150,000
Acceptances Less Amounts in Portfolio	27,138,548
Accrued Expenses	16,418,983
Other Liabilities	18,148,000
	\$38,000,000
Surplus	64,044,250
	\$1,122,948,412

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William R. Driver, Jr.	F. H. Kingsbury, Jr.	Stanley F. Towles
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Alexander T. Erdine	T. Michael Long	Meartzen van Hengel
T. M. Farley	Michael W. McConnell	Douglas C. Walker
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INTERNATIONAL CAPITAL MARKETS

Lead managers step in to support Swiss issues

By Andrew Freeman

NEW ISSUE activity continued apace yesterday in London, but Switzerland ran into renewed trouble as investors stayed on the sidelines and several recent issues had to be supported by their lead managers...

The Swiss market came under pressure as the annual yield on the latest issue of domestic three-month money market certificates rose to 5.261 per cent from 4.670 per cent, the highest level for nearly seven years...

INTERNATIONAL BONDS

Bank of Tokyo Capital Markets following the World Bank's lead by bringing a successful \$150m issue for the Japanese Finance Corporation for Municipal Enterprises...

Table with columns: Currency, Amount, Coupon, Price, Maturity, Fees, Book runner. Includes entries for Japanese Yen, Canadian Dollars, Australian Dollars, D-Marks, Swiss Francs, French Francs, and Yen.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Large table listing international bonds with columns for currency, amount, coupon, price, maturity, fees, and book runner. Includes sections for US Dollars, Yen, and Swiss Francs.

Whirlpool in \$800m standby credit

By Stephen Fidler, Euromarkets Correspondent

WHIRLPOOL, the US maker of domestic appliances which this month closed a joint-venture agreement with Philips of the Netherlands...

The multicurrency financing, being arranged by Credit Suisse First Boston, is for five years. There is an uncommitted facility in which banks may tender advances...

The financing will, among other things, support an expansion of the company's existing US commercial paper programme...

Under the joint venture announced in August, in which the US company was seen as positioning itself in Europe ahead of 1992...

It paid some \$360m of this last week. Over the next three years, it can either extend the joint venture, which is being called Whirlpool International...

Front-end fees range down from 5 basis points for an \$80m commitment. Speyhawk, the British property development company...

MidAmerica Commodity trade at record

By Deborah Hargreaves in Chicago

TRADING volume at Chicago's MidAmerica Commodity Exchange soared by 43 per cent last year to an all-time high of 3.4m contracts...

The exchange, which is affiliated with the Chicago Board of Trade, lists smaller versions of futures and options contracts...

At the same time, trading volume on the Financial Instrument Exchange (Finex), an arm of the New York Cotton Exchange, reached a record 1.5m contracts last year...

Milan SE ready to accept tax on capital gains

By Alan Friedman in Milan

MR ATTILIO VENTURA, the newly installed chairman of the executive committee of the Milan Stock Exchange, said yesterday he is prepared to accept the idea of capital gains taxes on bourse dealings...

But Mr Ventura, in his first press conference since being elected chairman, said he would reject any "punitive" legislation which imposes capital gains taxes...

The prospect of capital gains taxes has been under discussion for years in Italy, but each time it is suggested by Rome politicians the bourse reacts by marking down share prices...

Mr Ventura also said yesterday that he favoured the approval of legislation in parliament to outlaw insider trading, a practice that is widespread and unregulated in Milan...

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Increase in Share Capital. In accordance with the Toa-Re Insurance Company (UK) Limited's continuing commitment to the London Market...

Such Non-Cumulative Participating Preference Shares have been allotted in full and paid-up, increasing the company's total paid-up share capital to £14,000,000...

Following negotiations in Japan, the Non-Cumulative Participating Preference Shares created of 4,000,000 will be issued fully paid to shareholders as follows:

Table listing share issues: The Kyoei Mutual Fire and Marine Insurance Company (1,000,000), The Taisei Fire and Marine Insurance Company Limited (1,000,000), The Nichido Fire and Marine Insurance Company Limited (1,000,000), The Nissan Fire and Marine Insurance Company Limited (4,000,000).

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World Capital Growth Fund (SICAV)

Registered Office: 10 boulevard Roosevelt, Boite Postale 408, L-2014 Luxembourg, R.C. Luxembourg: B24.810

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of World Capital Growth Fund will be held at its registered office at 10, boulevard Roosevelt, Luxembourg, at 11 a.m. on 31st January, 1989...

Agenda

- 1. To accept the Directors' and Auditors' reports and to approve the financial statements for the period ended 30th September, 1988. 2. To declare a dividend for the period ended 30th September, 1988...

Resolutions may be passed without a quorum, by a simple majority of the votes cast thereon at the Meeting.

Voting Arrangements

Shareholders who cannot attend the Meeting in person are invited to send a duly completed and signed proxy form to the registered office of the Company to arrive not later than 24th January, 1989...

11th January, 1989. The Board of Directors

GRANVILLE

SPONSORED SECURITIES

Table with columns: High Low, Company, Price, Change, Div (p), % P/E. Lists various securities like 300 125 Ast. Brk. Ind. Ordinary, 200 125 Ast. Brk. Ind. Ord., etc.

Securities designated (SD) and (USD) are dealt in subject to the rules and regulations of the Stock Exchange. Other securities listed above are dealt in subject to the rules of ISA.

These Securities are dealt in strictly on a matched basis. Neither Granville & Co Limited nor Granville Daines Limited are market makers in these securities.

Granville & Co. Limited, 8 Lower Lane, London EC3R 8EP. Telephone: 01-621 1212. Member of TSA.

Granville Daines Limited, 8 Lower Lane, London EC3R 8EP. Telephone: 01-621 1212. Member of the Stock Exchange & TSA.

Swiss Bank Corporation is making its move...

We are pleased to announce the formation of our new London Office, which includes:

Swiss Bank Corporation Investment Banking

Swiss Bank Corporation Stockbroking (incorporating SBCI Savory Millin)

Swiss Bank Corporation London Branch

We will be moving to our new premises, Swiss Bank House, 1 High Timber Street, London EC4V 3SB during the first quarter of 1989.

Member of The International Stock Exchange and The Securities Association.

Swiss Bank Corporation logo and name.

NIPPON WARRANT FUND SICAV

Registered Office: LUXEMBOURG, 14, rue d'Alger, Luxembourg on 16th January, 1989 at 11.00 a.m. in order to receive the following items of the agenda:

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting of Shareholders will be held at the Registered Office at 14, rue d'Alger, Luxembourg on 16th January, 1989 at 11.00 a.m. in order to receive the following items of the agenda:

- 1) Amendments to the Articles of Incorporation, including: Amendment of article 2 to provide for an unlimited duration of the Corporation...

Amendment of the second paragraph of article 3 by substituting a reference to the law of 30th March, 1988 regarding collective investment undertaking and/or to make changes consequential to the amendment to article 2.

Amendment of article 12, 13, 16, 20, 22, 23, 28, 29, and 30 of the last article to provide compliance with the law of 30th March, 1988 regarding collective investment undertaking and/or to make changes consequential to the amendment to article 2.

Amendment of article 24 by replacing "seven per cent" by "seven per cent plus" share.

2) Subdivision of each existing share of the corporation into four shares.

The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of two thirds of the shares present or represented at such meeting.

Proxy forms are available upon request at the Registered Office. In order to be valid, proxy forms duly completed must be received at the Registered Office on 16th January, 1989 at 11.00 a.m. at the latest.

The Board of Directors.



INTERNATIONAL CAPITAL MARKETS

Treasuries gain ground as dollar moves higher

By Janet Bush in New York and Katherine Campbell in London

US TREASURY bonds had scored modest gains by mid-session yesterday, partly reflecting the dollar's strength...

customer repurchase agreements against expectations of a strong customer repurchase. Fed funds opened at 9 1/2 per cent but then edged higher to 9 3/4 per cent by mid-session.

THE SWEDISH bond market has been pinning its hopes firmly on a date for currency deregulation that will allow foreign investors to purchase domestic government bonds.

GOVERNMENT BONDS

get speech proposals to lift foreign exchange controls later this year, although he failed to specify a date. Legislation to set up tax loopholes has to be passed by the parliament first.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid Date, Price, Change, Yield, Week ago, Month ago. Rows include UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

yield of 10.48 per cent, 16 basis points lower than the previous day's close. Foreign investors have shown lively interest in the Danish bonds and are likely to be keen buyers of Swedish debt.

THE RECENT spate of issues in the Euro-Australian bond sector has suggested to Drexel Burnham Lambert a trading strategy to tap this investor enthusiasm for Australian dollar currency exposure.

BRITISH Government stock traded in a very confined range yesterday, with the absence of any economic news and the relative strength of the dollar...

Sweden to abolish exchange controls

By Robert Taylor, Nordic Correspondent

SWEDEN INTENDS to abolish its remaining foreign exchange controls this year. It was announced in the country's budget for 1989 published yesterday.

The proposal to levy a 15 per cent tax on business profits made this year and revealed on New Year's Eve by finance minister Mr Kjell-Olof Feldt, caused a brief fall for share prices but they quickly recovered and yesterday's enthusiasm on the stock exchange...

Investors who buy the NZ 14 per cent bond due July 1992 can gain exposure to the Australian dollar by selling the principal and the next 3 months accrued interest in the forward market.

Drexel feels lower domestic interest rates are a good bet, but anticipates a weaker currency. Hence the benefit of the currency switch.

It is essential that the Swedish capital market has a structure that furthers competition and has the ability to adapt to current international developments," said the budget statement.

But the budget statement made it clear that the Government did not anticipate a dramatic uncontrolled outflow of capital from Sweden. Permits will be needed from the banks to carry out foreign business.

Busy year for LDC debt trading

Stephen Fidler on the secondary market in Third World loans

Last year was, on the face of it, an outstanding one for the secondary market in loans to developing countries.

The market, where Third World loans trade at significant discounts to face value, more than doubled in size compared with 1987.

Debt reduction implies the voluntary participation of banks, which bankers contrast with forgiveness which they say implies the compulsory writing off of debt.

Although a handful of firms mainly in New York and London dominate the business, around 50 are now equipped to swap bank loans.

This expansion of capacity has taken place, paradoxically, in a bear market. Secondary market prices were weak through much of last year, largely because of the selling encouraged by the move in December 1987 by the Bank of

Boston to increase provisions and charge-offs for developing country debt. This encouraged parallel moves by other US regional banks analogous to the provisioning round triggered among the main US, Canadian and British banks by Citicorp in the previous May.

Prices dropped further across the board in last year's final quarter, which contributed to a slowdown in business which could well continue into 1989. Although they have since recovered somewhat, prices slumped by up to 20 per cent.

Partly because of this, trading volume differs significantly among countries. Trading in Brazilian debt may this year have approximated a true, albeit thin, market, with reasonable two-way business, but for many other countries prices are indicative and only the occasional small parcel ever changes hands.

Even in loans to large debtors such as Mexico, trading can be very thin and seasonal. One London banker tells of a transaction last month for a Mexican company that had made a debt restructuring agreement with a bank.

As economists at Morgan Guaranty state in the latest issue of World Financial Markets, "dominated by tax and balance sheet considerations, these discounts no longer display a consistent relationship to objective measures of LDC debt servicing capabilities."

Secondary-market prices, in the short to medium term any way, do not reflect the likelihood of ultimate payment or even any kind of judgment about the present value of the stream of likely interest and principal payments.

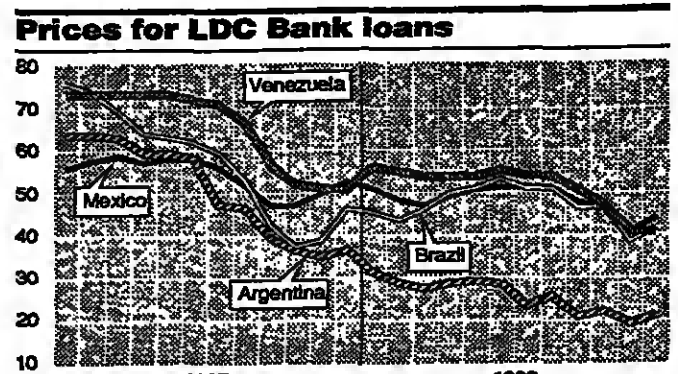
Although debt swaps between banks sometimes reflect banks' perceptions of relative risk, the majority of trading takes place where there are special local factors at work, in particular the existence of an active debt-to-equity swap programme. Brazil's debt was the most actively traded of all last year not because the country ended its debt moratorium but because of permitted activity in debt conversions.

While bank regulators undoubtedly accept that the secondary market is an unreliable guide to the value of banks' loan portfolios, the market affects bank perceptions of their portfolios. Bankers worry about contamination, the possibility that all their loans to a country will be valued at the same low price at which they have traded it in the secondary market.

Another worrying development for traders comes from the demand side. A lack of natural demand for these loans and the inability to find investors willing to speculate in them - despite the optimistic claims from some quarters - has been a chronic market symptom which continues to depress turnover.

The exceptions have usually been provided, as already noted, in those countries with active debt-to-equity swap programmes in which discounted debt is swapped for local currency which is invested to local enterprises.

The company had arranged to buy the Mexican sovereign debt from the London banker who in turn had negotiated to obtain the debt from a second bank which had promised rapid delivery. The loans never arrived. The reason, he found



Expressed as a percentage of face value. Source: Shearson Lehman Hutton Inc.

Argentina dropped at one time to a record low of 18 cents on the dollar.

In the final quarter, the \$5.2bn in new loans agreed by banks for Brazil in a restructured package arranged in September played a large part in encouraging the price falls.

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LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Table showing Rises and Falls Yesterday for various market categories: British Funds, Corporations, Industrials, etc.

LONDON RECENT ISSUES

Table listing recent issues in the EQUITIES market, including company names, issue sizes, and dates.

FIXED INTEREST STOCKS

Table showing Fixed Interest Stocks with columns for Issue Price, Amount, Latest Date, Stock, and Closing Price.

RIGHTS OFFERS

Table listing Rights Offers with columns for Issue Price, Amount, Latest Date, Stock, and Closing Price.

LONDON TRADED OPTIONS

Large table showing London Traded Options for various stocks, including columns for Call and Put options, strike prices, and trading volumes.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Table showing Equity Groups and Sub-sections with columns for Index No., Day's Change, Est. Earnings Yield, etc.

FIXED INTEREST

Table showing Fixed Interest rates for various terms: 1.5 years, 2-5 years, 5-15 years, etc.

AVERAGE GROSS REDEMPTION YIELDS

Table showing Average Gross Redemption Yields for various maturities: 1.5 years, 2-5 years, 5-15 years, etc.

Following index 1928.4, 10 am 1833.7, 11 am 1836.4, 1 pm 1839.7, 2 pm 1836.1, 3 pm 1837.7, 4 pm 1832.7, 4.05 pm 1832.7, 4.30 pm 1832.7, 5.00 pm 1832.7. Highs and lows record, base date, values and constant changes are published on Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, by post 34p.



UK COMPANY NEWS - THE PROPOSED BID FOR GEC

# Charismatic takeover specialist looking for a leading role

Christopher Lorenz and Geoffrey Owen examine the business style of General Electric and Jack Welch, its no-nonsense chief executive

**A**T FIRST sight, General Electric of the US might seem a familiar animal to its smaller British namesake, GEC.

The US giant has a business portfolio whose even greater breadth - from aero engines to financial services and television stations - has provoked considerable criticism from stock market analysts in the past few years on the grounds that it lacks logic and "synergy".

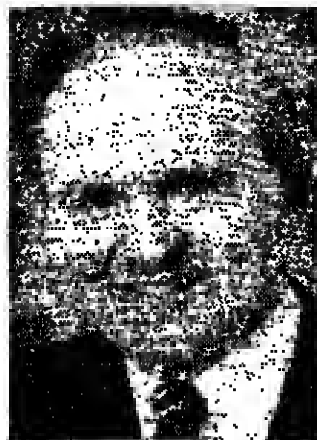
Like GEC, GE is run by an unusually charismatic and no-nonsense chief executive, Jack Welch, who has turned the group upside down since his appointment in 1981, just as the then Arnold (now Lord) Weinstock did in the case of GEC in the late 1960s and early 1970s.

Like Weinstock, Welch is very much a takeover specialist - among his purchases in recent years was RCA in 1985,

parts of which were integrated rapidly and others sold off. He is also very much a believer in decentralisation: he has dismantled much of the central bureaucracy he inherited, and lays great store on direct communication between his three-man chief executive office and the heads of his various businesses.

But the parallels cannot be pushed too far. For one thing, Welch is much younger than Weinstock, 53 as against 64. For another, he has spent most of the last three years transforming GE from a group that lacked a position of international leadership in almost all its fields (except aero engines and engineering plastics) into one which sees that objective as fundamental to everything it does.

Welch's new strategy of focusing almost exclusively on businesses which are global leaders in their markets (or



Jack Welch - believes in decentralisation

group of RCA's \$3bn-plus consumer electronics business in the US (which was weak internationally), in exchange for the latter's medical systems offshoot, CGR. The same logic underlies GE's current interest in GEC's power generation and medical equipment businesses (and doubtless more besides).

The GE and GEC leadership styles are not as similar as they would at first appear. Behind Jack Welch's dislike of formal planning procedures lies a very intimate involvement, through a wide range of managerial mechanisms, with the development of strategies for every GE business. He puts great emphasis on the grooming of experienced managers who can be switched from one major business to another and on the development of transferable "best practice" in such areas as manufacturing efficiency and product development.

	\$bn
Aerospace	5.58
Aircraft engines	6.77
Consumer products	5.04
Financial services	0.83
Industrial	4.71
Major appliances	4.72
Materials	2.75
Radio Broadcasting Co	3.17
Power systems	5.00
Technical products and services	3.87
Other	0.89
Corporate items	(1.29)
Total	40.52

GE's head office style, on the other hand, has been often attacked for being too narrowly focused on financial controls, and too "hands-off" as regards the development of strategies by its various businesses and by the company as a whole.

Welch appears to share Weinstock's aversion to fast-moving high-technology businesses such as semi-conductors and computers which have short product lives and where the manufacturers have to be extremely flexible and quick on their feet. They have plenty in common, too, in their cherished experience with acquisitions.

Just as several of GEC's takeovers were plagued with problems in their early years - notably A.B. Dick in the US, which is now successful - GE has suffered repeatedly from the inevitable difficulty of integrating any acquisition, and from a number of injudicious purchases. GE would argue that its record of selecting and managing acquisitions has greatly improved.

The emphasis now is on buying either large, free-standing

and well-managed businesses or companies that can easily be grafted on to an existing GE activity; the purchase of Borg Warner's plastics business last year was example of the second category.

GE has fourteen major businesses and is clearly willing to add to that number. But a continuing priority for several of them is to extend their global reach. The company has been criticised for being too dependent on the US market. While it has been expanding in Europe - last year it announced a large investment in silicon and plastics in Spain - it has also been looking for major acquisitions or joint ventures.

One possibility might have been collaboration in domestic appliances with Philips of the Netherlands, but negotiations were not successful. Like many other US companies GE is pre-

occupied with the opportunities and threats posed by Europe's 1992 internal market programme, fearing that the major European electrical and electronics companies could gang up among themselves to keep outsiders out. The recent deal between GEC and Alstom of France in power engineering must have reinforced these anxieties.

There are several areas of GEC which are of interest to GE, including medical electronics and domestic appliances, but it is probably power engineering which holds most appeal. GE is extremely strong in gas turbines (one of its manufacturing associates is Alstom of France) and the trend towards smaller power stations in the UK, concentrating on fuel systems and services. Like other US suppliers it has suffered in its domestic market, where power equipment manufacturing capacity has been cut by half, but demand is still only 10 per cent of that of the early 1970s. The company has recently signed a joint venture deal on switchgear with an Asian partner.

GE is tremendously strong in gas turbines, sold in power packs for power stations, and is in a good position to satisfy new demand for co-generation. More than a half of power station gas turbines in place are GE designed, though by no means all GE manufactured. GE has a range of manufacturing associates which build GE-designed equipment and for which GE supplies some main components.

These companies include John Brown in the UK, AEG, Hitachi in Japan, and companies in the Netherlands and Italy.

Interestingly, under a similar deal, Alstom is doing a lot of development work on GE gas turbines.

There must be some anxiety on the part of GE, however, that it is being left out of these mega deals in power engineering, especially if the European scene gets carved up.

Moreover, ABB, already with massive research capability, looks as if it could eventually absorb Westinghouse's steam turbine, gas turbine and transmission equipment businesses right in GEC's domestic market.

GE might look to GEC, therefore, as a way of gaining more direct access into Europe in addition to securing GEC's base of power stations it has built in markets GE is not particularly strong in and for lucrative follow-up work.

A deal involving GEC's power equipment operation and GE would still leave them without some key equipment, like boilers. But GE had abortive talks with Siemens on power generation last year. It is not inconceivable that a deal involving Siemens, GE and GEC's power operation might emerge.

Some in the UK industry suggest that if GEC does not fall within GE's grasp, the US company could turn its attention to Northern Engineering Industries or even Hawker Siddeley. The latter is in co-generation but does not make gas turbines.

DEFENCE

## A takeover could have greater impact than the bid for Plessey

By David White, Defence Correspondent

GEC's defence business is the epicentre of the political rumblings in Westminster about the proposed takeover. The group is far and away the main force in the UK defence electronics business.

In some sectors, especially torpedoes, it has long been an effective monopoly, in some it is also a world leader: for instance, the "head-up displays" which allow fighter pilots to read essential data while looking through the cockpit glass.

With the presence of foreign companies including France's state-controlled Thomson, the takeover proposals would potentially have greater impact in defence than GEC's own contested bid for Plessey. Siemens of West Germany, associated with GEC in the assault on Plessey, is by comparison a small player in the military sector.

GEC-Marconi, in which the group's defence interests were brought together two years ago, represents about a third of the total GEC group, with turnover of around £1.5bn and 43,000 jobs worldwide. About 80 per cent of this business is military, and between £900m and £950m a year, with one client, the UK Ministry of Defence.

This contrasts with Plessey, which also has about a third of its sales in defence but has reduced its dependence on the UK in the past few years and now does more than half of its \$750m-a-year military electronics business in other markets.

With its powerful position, GEC has found it relatively difficult to adapt to the disappearance of Britain's old-style "cost-plus" contracts in which companies were paid for work done rather than performance, and has found itself in embarrassing situations in the transition - most notoriously with the Nimrod airborne early warning project, cancelled in

1986 at a cost to the taxpayer of almost £1bn.

The defence companies were regrouped in order to make a cohesive whole. The odd one out in the 13 companies which come under GEC-Marconi is Glasgow's Yarrow shipyard. But the disparity between this "metal-bashing" activity and high-technology systems is narrowing as warships such as the Royal Navy's Type 23 frigates, being built mostly at Yarrow, evolve into "intelligent" weapons platforms.

GEC could use the same argument that Plessey has used in opposing a threatened carve-up - that individual defence interests cannot easily be separated because they feed off the technology resources of the rest of the company - and

Plessey taking over parts of GEC as GEC taking over the whole of Plessey. A wide-ranging Thomson link, meanwhile, would raise alarm not only in Parliament but also, because of the two groups' size, among other UK and European contractors and could be expected to precipitate a rapid upheaval, forcing the formation of similar groupings.

Both Plessey and Thomson would have obvious interest in acquiring parts of GEC that either overlap with or are complementary to their own, in battlefield communications, the GEC interest could be a bone between them, since Thomson and Plessey have been fierce competitors in world markets.

The areas that most obviously fit in with Plessey's range of expertise are systems integration, radar and weapon guidance.

Thomson-CSF, which is to French aerospace what Marconi and Ferranti are together to British aerospace, might well covet GEC-Marconi's avionics. The French company has already launched plans to link up with Aerospatiale, which would create Europe's biggest avionics group, ahead of Marconi. The addition of Marconi's activities would produce overwhelming domination in Europe as well as a large slice of the US market, but could for that reason run into competition problems. A link-up in radar, where Thomson also has a broad capability, would also create a dominant European group, competing with US companies such as Hughes and Westinghouse.

Plessey would also be able to build up a strong position in both these sectors. In radar, there is some duplication in land-based systems, although Plessey would be able to gain from GEC-Marconi's work on over-the-horizon radars.

### Most of the defence side might be kept in a core GEC business while other sectors were hived off

one of the scenarios is most of the defence side might be kept in a core GEC business while other sectors were hived off.

However, in the past six or seven years, niche specialities have evolved into small specialised businesses. Independent defence industry experts see these as neatly-parcelled packages which could indeed be hived off, while they undoubtedly feed off the GEC body, they could equally feed off another body.

On the other hand, aspirations of potential predators have to be balanced against the MoD's determination to have competition wherever possible. The same arguments could be used against

TELECOMMUNICATIONS

## GPT joint venture is the golden key to bids

By Hugo Dixon

**THE GOLDEN KEY** to unlocking both Metson's proposed bid for GEC and GEC/Plessey's bid for Plessey is GPT, the telecommunications joint venture between GEC and Plessey.

GPT was set up last year in such a way that it would be impossible for anybody to bid for GEC without Plessey's agreement or vice versa. And it is impossible for either to sell its 50 per cent share without the agreement of the other.

The possible link-up between GEC and Plessey Telecommunications raises two main questions. Does it make industrial sense? And would STC be able to afford the price?

The industrial questions are pressing because it has become increasingly clear in GPT's few months of existence that the company needs a strong partner.

The formation of GPT was seen by its managers, the Office of Telecommunications and British Telecom as only a first step. Further restructuring would be needed if GPT was to secure its long-term future.

It is seen as being too small to finance research and development into the next generation of telecommunications products. A satisfactory partner would allow the costs to be spread, it is argued.

An ideal partner would also give it access to international markets. Although GPT dominates the UK telecommunications market and has a reasonable presence in North America, it has so far made little impact elsewhere.

On these criteria, it is difficult to see what STC can offer. The UK's second largest electronics group pulled out of public switching, the area where there is arguably the greatest need for R&D collaboration, in the early 1980s and is no longer involved in private switching either.

Since then, it has built up an alternative telecommunications strategy, which does not rely on making its own switches. This has three prongs covering strong underwater fibre-optic cables and transmission businesses, and a growing involvement in a new area called intelligent networks.

The only area where it would seem there was a direct opportunity for pooling R&D is in transmission systems, where GPT is also strong. However, this could create monopoly problems, since the two companies would together dominate the UK market.

Set against this is the fact that Northern Telecom, the large Canadian telecommunications manufacturer, owns 28 per cent of STC. It could presumably work together with GPT on developing the next generation of switching products and the same way that Siemens is proposing to do if its bid with GEC for Plessey is successful.

Analysis, however, argues that Northern Telecom would be unlikely to help GPT get a better international spread of its business.

Collaboration could be particularly awkward in the North American market, where Northern is the second largest supplier after AT&T of the US, because the Canadian company would be unlikely to open its distribution channels to STC, says Mr James Dodd of Citicorp Springour Vickers.

And outside North America, Northern has much less of a presence than Siemens.

The second main question about a link-up between STC and GPT is whether STC could afford it. Both Lord Keith and Mr Arthur Walsh, respectively the company's chairman and chief executive, have drawn attention to this factor.

Mr Dodd estimates that GPT would cost £1.6bn, of which £1.2bn would be goodwill. STC has shareholders' funds of £650m and net cash of £50m-100m.

To complete an acquisition with such figures, STC would not simply be able to rely on borrowing, says Mr Dodd. One possibility would be a rights issue; another would be to sell part of GPT, possibly to Northern or Fujitsu, Japanese electronics company, with which STC has a close relationship.

Mr Walsh, however, was making clear yesterday that he was not keen on making disposals, unless those made industrial sense.

POWER ENGINEERING

## Partnerships offer shelter as major new groupings emerge

By Nick Garnett

**IN ELECTRICITY** generation and distribution equipment, two things are obvious. The first is that GEC needs at least one and possibly more partners if it is to survive successfully as a manufacturer through the 1990s.

The second is that GE would be better placed to defend its position in this tough and heavily cyclical industry if it also had more joint ventures or more hulk in markets, like Europe, where it is not as strong as it would like to be.

Pressure for a link-up would be just as great - possibly greater - if GEC's heavy engineering business was separated out as a UK stand-alone business in a partial carve up of the British group.

GE thought it had a partner when it signed a deal just before Christmas to merge its heavy engineering business with Compagnie Générale de l'Alstom. Power station equipment was a principal element of this proposed merger which would create a new company, affiliated to GEC, with sales of £4bn and 85,000 employees.

Now it looks as if General Electric of the US, which has much larger power equipment sales than GEC, might be interested in absorbing part or all of GEC's power equipment business either by takeover or through a joint venture. Where this would leave the proposed deal with Alstom is unclear.

The question is what makes sense for GEC, GE and Alstom?

The pressure in this industry to seek shelter through partnerships is increasingly heavy. Development costs are rocketing, there is 70 per cent world overcapacity, the European market might open up slowly after 1992 and costs of power stations could eventually fall by 30 per cent or more.

The whole structure of company ownership, once very fragmented, is being ripped apart. Major new groupings are emerging in Europe and the world might be dominated by no more than six or seven suppliers within a few years.

These will include Toshiba and Mitsubishi in Japan and GE in the US. In Europe it will include Asea Brown Boveri (ABB), the Swiss-Swedish company which only this week virtually absorbed Ansaldo in Italy to go with its acquisition of the other Italian power equipment company, Franco Tosi.

ABB's proposed two joint ventures with Westinghouse in the US have run into trouble

with the Justice Department but will almost certainly go through in modified form. ABB also has a joint venture in nuclear power with Kraftwerk Union, Siemens' power division.

Another grouping will be based around Siemens, which is negotiating a merger in transformers and switchgear with fellow-German company AEG.

The deal between GEC and Alstom formed a substantial counterweight to all of this and made a lot of sense - though with some drawbacks.

GEC has no holler-making capability, but Alstom has through its Stein subsidiary. GEC makes gas turbines up to 60Mw, whereas Alstom goes from 60Mw to its new Frame 9 200Mw model.

It looks as if GE of the US might be interested in absorbing part or all of GEC's power equipment business.

The Alstom gas turbines are suitable for so-called co-generation or combined-cycle power stations, which will be a growing feature of power generation, and which GEC's product range is poorly equipped to serve. Alstom is not in low voltage switchgear, whereas GEC is.

The two companies also tend to operate in different geographic markets. Alstom is active in French territories and the Middle East, GEC is stronger in the Far East, South Africa and in the UK.

A possible long-term problem is that the proposed 80-60 joint venture company with Alstom would be based in Paris, headed by Mr Jean Pierre Desgeorges. In other words, GEC is putting businesses adding up to a quarter of its annual sales of £5.9bn into a company based in France and run by a Frenchman. Some might ask how long GEC would be able to maintain its share of that operation. This deal would also involve hefty rationalisation.

A deal between GEC's power business and GE would raise different issues. GE is a very large power equipment supplier. Its products include many similar to those of GEC in steam turbines, transmission and distribution equipment, as well as project engi-

neering. It also has a nuclear capability, though it has had to scale this back, concentrating on fuel systems and services. Like other US suppliers it has suffered in its domestic market, where power equipment manufacturing capacity has been cut by half, but demand is still only 10 per cent of that of the early 1970s. The company has recently signed a joint venture deal on switchgear with an Asian partner.

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MEDICAL EQUIPMENT

## UK had the technology but not the cash

By David Flashlock, Science Editor

**THE STRENGTHS** and weaknesses of Britain's £1bn medical equipment industry were spelled out clearly in a Cabinet Office report in 1986.

The industry has been highly innovative, especially in "imaging" technology, the latest electronic diagnostic tools. This is the most technically and financially demanding end of an industry which spans patient monitoring, automated bio-chemistry, surgical implants, anaesthetic and other high-technology products.

But in international terms the UK industry is modest, merely 5 per cent of a world market dominated by big US, Japanese, German and Dutch engineering companies. Unless the industry and its main customer, the National Health Service, took a more international approach and invested more heavily in research and development, it would be in trouble, the Government's technical advisers concluded.

"Unless something is done, we take a rather pessimistic view," said Professor Sir Rex Richards, the Oxford scientist and director of Oxford Instruments, who chaired the committee that wrote the report.

A few months later GEC attempted to merge its medical equipment interests with those of Philips in the Netherlands. For GEC it promised a way out of a problem it had wrestled with since its purchase of Picker, a big US medical equipment group with a traditional base in X-ray equipment, to create its GEC-Phillips medical division.

Picker, managed from its US headquarters, had proved highly resistant to innovation from anywhere but its own lab-



GE scientists study a powerful new use of NMR imaging in measuring blood flow rates, at the group's corporate research and development centre in New York

method of medical diagnosis yet devised. It requires a research commitment as heavy as any defence system.

Britain has pioneered most of the seminal inventions in NMR scanning for illness since 1975.

The medical NMR market worldwide is expected to be worth between £300m and £600m a year. But Dr Young said that, whereas the US market was expected to order about 300 scanners in 1988, Britain "might order one".

US General Electric is the market leader in NMR imaging. When EMI merged with Thorn, GE acquired its earlier EMI-Scanner business in X-ray diagnostics. But Government intervention prevented EMI's NMR technology also going to GE - to its acknowledged chagrin - on the grounds that the British taxpayer not EMI had paid for the basic research. Instead, it went to GEC.

The British Technology Group, which holds a portfolio of 15 patents, has since won a legal battle in the US on behalf of British academics. BTG believes all the significant players in NMR use the patented British ideas. So far it has secured licence agreements with GE in the US and Hitachi and Toshiba in Japan. It is still negotiating with Siemens and Philips, the other big players. GEC-Phillips also has a licence but is no longer among the big players in NMR imaging.

By merging its medical equipment interests with those of GE, Britain may open a bigger international market for medical innovation, as the Government advisers urged, instead of just reserving royalties as a consolation prize.

through when the parties failed to agree how much cash GEC should chip in, to balance the fact that Philips is bigger in sales of medical equipment.

Dr Young recently examined what he called Britain's sad failure to build an international business in nuclear magnetic resonance (NMR) imaging. NMR is the most expensive

DOMESTIC APPLIANCES

## Hotpoint represents a tempting target

By Christopher Parkes, Consumer Industries Editor

**THE HOTPOINT** appliances business may not be the biggest plum in the GEC pudding, but it is surely one of the tastiest.

Boasting an estimated return on sales of 10 per cent, it is one of the most profitable white goods makers in Europe.

It is the clear market leader in Britain's home laundry and dishwasher markets, has some 40 per cent of the free-standing cooker trade, and runs a close second to Lec in refrigeration.

As such it represents a strong, high-profile, cash generator for any new owner which might emerge from a carve-up of its harassed parent.

But, in the increasingly international appliances business, Hotpoint can also be seen only as a strong niche player. Relegated to the status of an also-ran by its mere 5 per cent share of the total European market, it is likely to come under increasing pressure from global operations like Electrolux of Sweden and the alliance between Dutch group Philips and Whirlpool of the US.

Whirlpool's disinterest with the notion that it could remain

	Washing machines %	Tumble dryers %	Dishwashers %
Hotpoint*	40	60	22
Hoover	20	12	8
Electrolux**	15	12	10
Ardox†	5	12	20
Philips	7	-	9
Zanussi	-	-	16
Bosch	-	-	8
Others	10	-	19

\*Includes Groves and retailers own label. \*\*Includes Zanussi and Bendix. †Includes Indesit. Source: 1987 trade estimates.

there would be no question that GE would be as interested in the appliances side as it is in the generation and medical businesses.

Even so, Hotpoint is still a tempting target for the US group. Although Britain falls outside Europe's prime market area of West Germany and Benelux, where appliances sell for twice the price of white goods in Italy, the GEC subsidiary could provide the US group with a firm stepping stone into Europe proper.

Hotpoint already has strong links with Bosch-Siemens of West Germany, home to prestigious names like AEG and Miele which are so far unattached. Italian manufacturers which depend heavily on exports, especially to the UK, might also be open to negotiation and offers.

It is probably only a matter of time before some links are formalised. The only open question is whether such alliances are forged by a Hotpoint controlled by wily Lord Weinstock, the ambitious Sir John Cuckney or GE's single-minded Jack Welch.

trading



UK COMPANY NEWS

Alternative plans for Cambrian

By Nikki Tait

Cambrian & General Securities said yesterday that alternative proposals for the company's future had been developed in conjunction with Mr Lance Lessman.

loan notes would probably have a 12-month life, but shareholders might be able to put them on the new company within four to six months.

Warburton, Cambrian's adviser, intend to approach certain major Cambrian shareholders to establish whether they would be willing to support the scheme.

per capital share. This compares with Lencadia's offers of 108p and 120p respectively. In the latter, Cambrian gives more information on recent Inland Revenue discussions.

Br Land in friendly investment

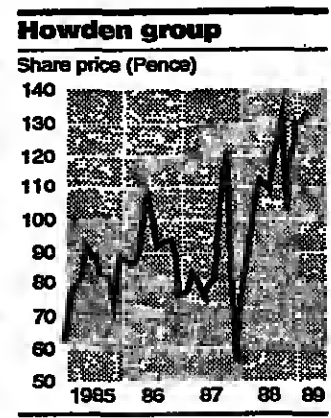
By Andrew Hill

BRITISH LAND, the property group headed by Mr John Ribbit, is making a long-term investment in Friendly Hotels, the expanding operator of hotels and motels.

Howden up 49% at £5.4m

By Vanessa Houldier

HOWDEN GROUP, Glasgow-based engineering company, yesterday announced a 49 per cent rise in pre-tax profits from £3.6m to £5.4m for the six months to October 31.



Time was when Howden was a byword for slow, steady and unadventurous growth. That era ended with its disastrous brush with a Californian wind park in 1987.

Wheway recovery continues

By Richard Tomkins, Midlands Correspondent

WHEWAY, Birmingham-based industrial group, has taken another step forward in its recovery from the heavy losses of 1984 with a strong advance in pre-tax profits from £2.37m to £5.36m for the year to October 1988.

These were the final figures from TVS as it was, effectively, a complete bailgame. Gardway is being remarkable circumspect in terms of the individual contributions within the group.

At a March conference on networking arrangements TVS will push for an abolition of all guaranteed programme hours. Although TVS is fourth largest of the TV companies by advertising revenue, it is not one of the "Big Five" with guaranteed network sales.

consultant engineer, and Interfil, maker of industrial and commercial films, had performed particularly well. But Mr Jaynes said he was also pleased with the pace of organic growth.

Worldwide Dryers loss hits Leisuretime

By Clare Pearson

Leisuretime International, hotels, nursing home and travel company, where the Jivraj family took control a year ago, yesterday reported a pre-tax loss of £200,000 in the year to end-October, almost all of which was attributable to Worldwide Dryers.

Peel buys more London Shop as rival ponders possible bid

By Paul Chesswright, Property Correspondent

Peel Holdings yesterday nudged its stake in London Shop up to 85.6 per cent as London and Property Trust, controlled by Mr Borish Berger, pondered whether to make a rival bid.

Splash pays £5m for major competitor

By Andrew Hill

Garfield, the cartoon-strip cat, and Roger Rabbit, the cartoon hero of the feature film Who Framed Roger Rabbit, will join Wicked Willy and other fictional characters on Splash Productions T-shirts.

WPP in US expansion

By Andrew Hill

WPP Group, marketing services and advertising group, is expanding its recruitment advertising activities in the US with the purchase of New York-based Donahue and Associates Advertising for a maximum of \$20m.

Mowlam expands on Continent

By Andrew Hill

John Mowlam, through its subsidiary SGB Investments, has expanded its European scaffolding and formwork interests. In France, Comabi SA has been acquired for FF110m (£10m), while in Spain, Mowlam has raised its holding in Construcciones Desmontables Tubulares SA (Mecanotubo) from 30 per cent to just over 50 per cent at a cost of £250,000.

Countryside makes move against housing slowdown

By Andrew Taylor, Construction Correspondent

COUNTRYSIDE PROPERTIES, Essex-based housebuilder and commercial property developer, is to change its policy to increase its output of houses built in partnership with building societies and housing associations.

Countrywide makes move against housing slowdown

By Andrew Taylor, Construction Correspondent

COUNTRYWIDE PROPERTIES, Essex-based housebuilder and commercial property developer, is to change its policy to increase its output of houses built in partnership with building societies and housing associations.

TVS lifted by higher share of advertising

By Fiona Thompson

TVS ENTERTAINMENT, the independent television contractor for the south and south-east of England, yesterday reported an 11 per cent rise in pre-tax profits to £26.1m for the year to October 31 1988, up from a restated £23.5m.

Tootal in talks over future of its S African textile holding

By Alice Rawsthorn

TOOTAL, the UK textiles group that has been clouded by bid speculation in recent weeks, is in discussions over the future of its investment in Da Gama, one of the largest textile companies in South Africa.



Geoffrey Maddrell - negotiations at a very delicate stage

Mr Geoffrey Maddrell, chief executive, confirmed yesterday that Tootal has entered into negotiations over its 49.3 per cent shareholding in Da Gama. The negotiations were at a "very delicate stage", he said.

Tootal first became involved with Da Gama in the late 1970s when it took over the management of the business and acquired a 50 per cent holding for about £55,000. Da Gama is one of the world's largest producers of sewing thread with interests in textiles and stationary distribution in the UK.

When Tootal took over the management of Da Gama, the South African company was operating at a loss. Da Gama has since been steered back to profit. In 1986 it was floated on the Johannesburg Stock Exchange and Tootal's holding was reduced to 49.3 per cent.

Stead & Simpson tops £6m

By Nikki Tait

STEAD & SIMPSON, the footwear retailer and motor trader which last summer saw off a \$108m bid from property group Clayform, yesterday reported pre-tax profits of £5.9m for the year to end-September.

Stead & Simpson, which has been widely reported to be a candidate for takeover, is a footwear retailer and motor trader which last summer saw off a \$108m bid from property group Clayform.

holding down to around 18 per cent of the enlarged voting rights. Yesterday, Clayform said that its initial reaction was that this amounted to "moving the goal-posts halfway through the game".

All-round growth at Colefax

By Alice Rawsthorn

COLEFAX & FOWLER, interior design group, which has decorated the walls of Buckingham Palace and the Bank of England, increased pre-tax profits by 44 per cent from £490,000 to £717,000 in its first half to end-October.

Care services provide spark as Kunick hits £5m

By Clare Pearson

KUNICK, the care for the elderly and entertainment group quoted on the US market, announced a 49 per cent increase to £5.1m in pre-tax profits in the year to end-September. Earnings per share rose 40 per cent to 5.53p.

Enthusiasm about Kunick, whose strategy is to use the cash thrown up by its amusement side to fund development in the fast-growing elderly people's care market, abounds.

Yeoman Inv Trust

By Andrew Hill

Yeoman International Group, a private Irish company, is the group bidding for CLF Holdings, not Yeoman Investment Trust as the FT incorrectly reported yesterday.

Corrections

Yeoman Inv Trust

Yeoman International Group, a private Irish company, is the group bidding for CLF Holdings, not Yeoman Investment Trust as the FT incorrectly reported yesterday.

Dividends Announced

Table with columns: Company Name, Current Payment, Date of Payment, Current Dividend, Total for year, Total last year.

Board Meetings

Table with columns: Company Name, Date of Meeting.



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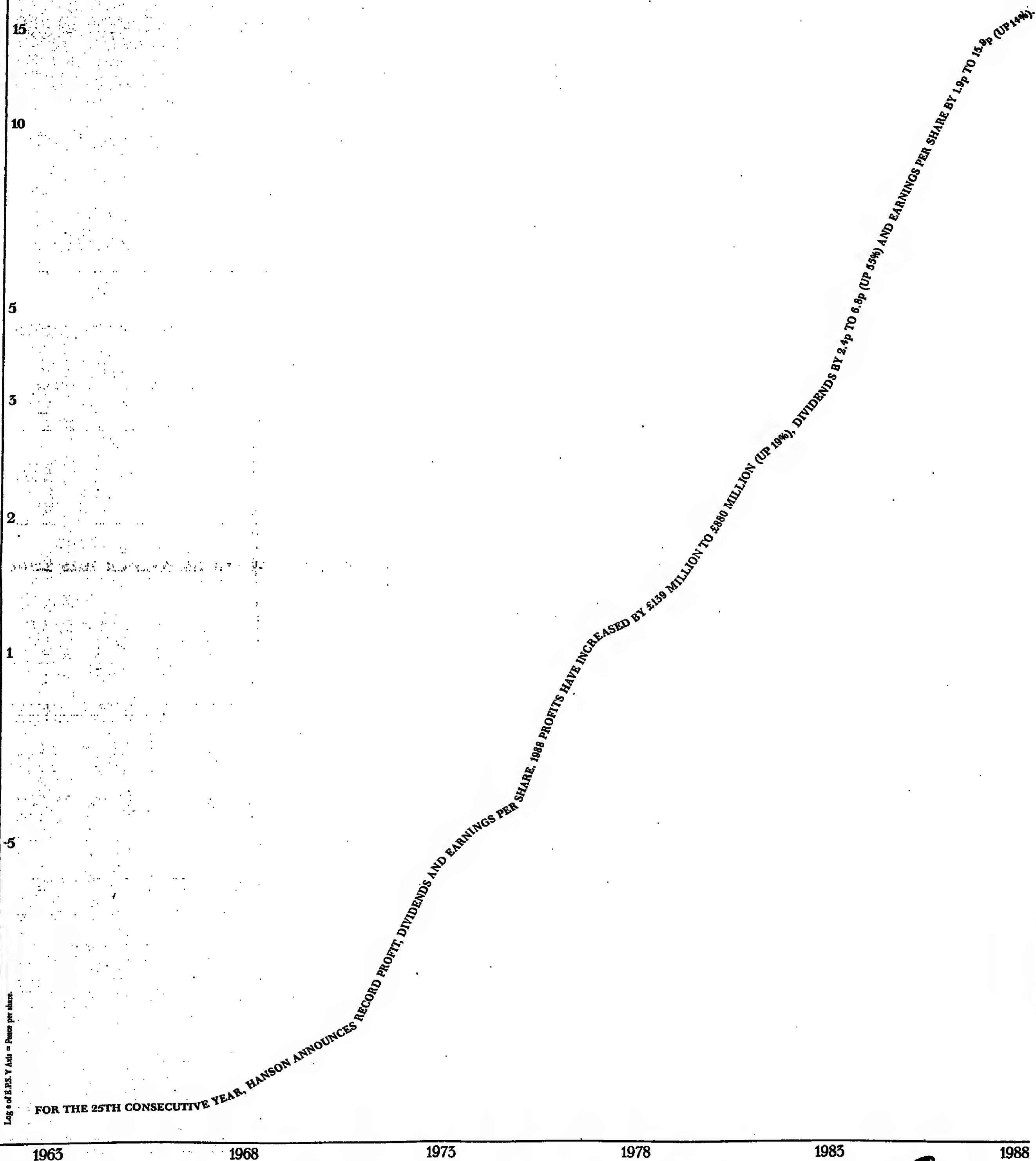
nick hits £1

COMMENT

ANNOUNCES

WEEKEND

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COMMODITIES AND AGRICULTURE

UK egg rescue to cost far less than expected

By Bridget Bloom, Agriculture Correspondent

THE BRITISH Government's scheme to stabilise the egg market in the wake of last year's salmonella scare is set to cost markedly less than the £19m earmarked for it.

Mr John MacGregor, the Minister of Agriculture, said yesterday that expenditure so far on the Government scheme amounted to under £4.5m.

The overall cost is expected to rise further as the egg buying scheme has two weeks to run, though no more applications for hen culling will now be accepted.

Mr MacGregor noted that producers had also found export markets for surplus eggs, estimated in the week before Christmas at between 300m and 400m.

The scheme was announced in the wake of falling egg prices which followed a remark by Mrs Edwina Currie, then a

junior minister, than most British egg production was affected by salmonella enteritidis. The scheme guaranteed to buy in and then destroy up to 400m eggs at 30p a dozen and to provide for the culling of 4m hens between 18 and 30 weeks at £1.50 a bird.

Mr Keith Pullman, secretary of the UK Egg Producers' Association, said yesterday that he thought the egg purchasing scheme had proved a life saver for many businesses. However, the up-take on hen-culling had been small since young birds of 18-30 weeks represented an egg producer's "seed corn".

They feel that the agreement with the Ivory Coast has abandoned the cocoa agreement. The country owes more than \$50m in levy arrears on its exports out of total arrears of \$75m, leaving importing countries little incentive to continue paying their share of the levies.

EC unease about cocoa deal

By David Blackwell

EUROPEAN Community countries will tomorrow press the French for more information on the deal under which Sucres et Denrees, the Ivory Coast trade house, has bought 400,000 tonnes of cocoa from the Ivory Coast, the world's biggest producer.

Commodity experts from all 12 EC states meet tomorrow in Brussels for talks in the run-up to the International Cocoa Organisation (ICO) half-yearly council, which starts on Thursday next week.

The French Government has consistently denied involvement in the deal, insisting that a FFR 400m (£36m) official loan concluded on December 23 has nothing to do with it.

Although Sucres et Denrees (Sucden) said last Wednesday that the deal would be financed by the group and its banks, many people in the

cocoa world remain doubtful that such an expensive operation would be organised without some sort of guarantee.

"If someone has stumped up this amount of money they are either convinced that they can sell at a profit, or they have a money back guarantee," according to a leading European delegate to the ICO.

President Felix Houphouët-Boigny of the Ivory Coast is hoping that the deal with Sucden will boost market prices so that the country can pay the Caisse de Stabilisation's debts to exporters.

The Caisse, or commodities marketing board, has run up large debts supporting producer

prices, which the president has refused to cut from FFR 1,200 per 100 kg.

But London analysts see the deal, which was widely rumoured for months, as bearish. Yesterday the London May contract shed 2 1/2 to close at 2835 a tonne - 5 1/2 lower than this time last week.

Meanwhile, consumer delegates to the ICO feel that the Ivory Coast has abandoned the cocoa agreement. The country owes more than \$50m in levy arrears on its exports out of total arrears of \$75m, leaving importing countries little incentive to continue paying their share of the levies.

"Let's cut the Gordian knot by killing the economic clauses for the duration," said one delegate.

Bismuth cashes in on its clean image

Kenneth Gooding on the bright outlook for one of the few non-toxic heavy metals

THE FREE market price of bismuth, one of the few heavy metals which is non-toxic, very safe to handle and which consequently has benefited from the world's ever-tightening environmental regulations, has started 1989 at the highest level for 12 years.

The price was about \$4.50 a lb at this time last year and ended 1988 at \$6.50. But, unlike the prices of some other minor metals, that was after a steady climb and bismuth showed little of the volatility exhibited by, for example, cadmium.

The major applications, apart from pharmaceuticals, are electronics, industrial catalysts, cosmetics (lipstick and eye-gloss), industrial pigments, free machining steel and aluminium, fusible alloys and in producing malleable iron.

Bismuth's recent history is similar to that of many other metals. After some years of recession, high stocks and low prices, there was record demand in 1986, and further jumps 20 per cent following year and 10 per cent in 1988.

Supply has not kept pace and stocks have fallen to relatively low levels. On the demand side Japan played an important role in the

recent change in bismuth's fortunes. In the past Japan produced annually about 240 tonnes more bismuth than it consumed and exported the surplus. In 1987 for the first time it imported bismuth and exported only 100 tonnes.

MCP-Peko estimates that last year Japan imported 250 to 300 tonnes and exported a maximum of 70 tonnes and has thus become a major net importer.

Japan continued to rely on traders rather than producers for its bismuth and it has therefore had a big influence on the free market price. It has also been mopping up supplies from South Korea and China much of which otherwise

might have reached Europe. Among the main suppliers, Peru probably has had the most influence on the current state of the market. Strikes and other problems have cut Peru's output from about 700 tonnes a year to just over 400 tonnes for the past three years.

The country managed to deliver 1,000 tonnes in 1987, however, by running down its stocks to almost nothing.

This shortfall in output from Peru, of about 1,000 tonnes in 1988, has been made up by a big dent on total annual world-wide bismuth supplies of between 4,500 and 5,000 tonnes. "We could sell 10,000 tonnes a year if the metal was avail-

able," MCP-Peko says confidently. "But the metal simply is not there."

Production cannot easily be increased because currently all bismuth is derived as a by-product from various base metal ores - including copper, lead and tin. Apart from Peru and Japan, Australia and Canada are major suppliers while Mexico, probably the world's biggest supplier, has benefited from Peru's misfortunes and increased output, mainly for North American customers.

Bolivia is probably the only country which is capable of mining bismuth as primary metal, but only when the price is above \$6 a lb and likely to stay there for some years. MCP-Peko believes that this stage has been reached and that Bolivia will bring some primary bismuth capacity into production shortly. It suggests that the country is likely to produce about 100 tonnes in 1990.

WEEKLY METALS PRICES

Table with columns for metal names (Antimony, Manganese, Bismuth, Cadmium, Cobalt, Molybdenum, Selenium) and their prices in various units (per lb, per tonne, per barrel).

A fruitful year for the Big Apple's futures markets

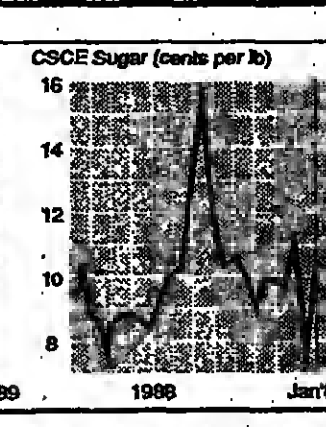
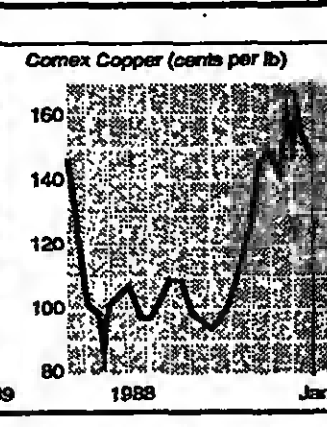
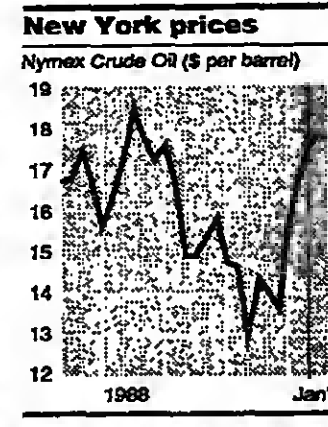
Deborah Hargreaves looks back on the factors that boosted trading in 1988

WHILE THE Midwest drought threw a spotlight on Chicago's grain markets last year, widely volatile commodity prices made for a busy and buoyant trading year on New York's four major futures exchanges.

Led by the mercurial crude oil market, New York futures prices fluctuated wildly as soft commodities were touched by the knock-on effects of the drought, and metals reacted to supply shortages.

Trading in crude oil futures continued its frenzied pace on the New York Mercantile Exchange (Nymex) as the Organisation of Petroleum Exporting Countries struggled, with little success, to impose some sort of production discipline.

While crude oil prices ended the year barely changed, large price swings over the course of 1988 led to a 29 per cent rise in trading of Nymex's futures contract, which registered 18.5m trades. At the same time, trading volume in unleaded gasoline rose 90 per cent and trading in oil futures trading was up 15 per cent.



repeat of the \$4-a-barrel swings experienced in 1988. The rally in platinum futures - also traded on Nymex - was pushed by an extreme supply squeeze, which saw stocks in Comex warehouses plunge to all-time lows.

In a bid to alleviate supply tightness, the exchange introduced a new high grade copper contract last year and tried to woo users from its standard grade contract. Although volume in high grade copper reached only 924 contracts for the year, users will have no choice but to switch to the new specification once the existing contract is de-listed this year.

Copper supply remains tight while demand is still strong,

which could pave the way for further price rises this year. Gold and silver futures showed small volume declines after a record 1987 as buyers and sellers balanced each other out in a dull market.

"We need a bull market for volume to pick up, and that's just not on the cards at the moment," says Mr John Hanemann, the Comex chairman.

The Coffee, Sugar & Cocoa Exchange (CSCE) saw its overall trading take off last year with a 60 per cent increase in total exchange volume to 10m contracts. Uncertainty over production arrangements, adverse weather in growing areas, as well as the psycholog-

ical effects of the US drought fuelled trading. The exchange's sugar futures saw a 51 per cent rise over 1987 and coffee futures trading was up 19 per cent at 1.1m lots.

Soft commodities' options trading at the CSCE had a bumper year with volume rising by several hundred per cent - albeit from low levels.

The sugar market is expected to retain its overall strength this year as world stocks remain low and demand continues to grow. Further action by the US Department of Agriculture to raise the US sugar import quota could also support world prices.

The weather could affect soft commodities prices again, in 1989 as some growing areas continue to experience dryness. Dry weather in Brazil could push up coffee futures prices, and any continued dryness in US cotton areas could boost futures trading. New York Cotton Exchange futures are down 4.5m lots last year - little changed from 1987.

An important issue facing New York's exchanges in 1989 is the prospect of a link-up between the five markets sharing a common trading floor at the World Trade Center. Consolidation of some of the exchanges' back office operations could save millions

Finnish plant may halt zinc shipments

By Olli Virtanen in Helsinki

OUTOKUMPU, the Finnish metallurgical group, yesterday issued a force majeure warning that it may have to halt zinc deliveries because of the strike that has paralysed the zinc smelter at the Kokkola plant.

The strike of 450 workers began on January 5 and the plant is now at standstill. Lost zinc production amounts to

3,000 tonnes a week, worth \$3m. Outokumpu can handle all plant deliveries, at least during January, says Mr Lauri Peltola, sales director of the zinc plant, by selling the mill's current stocks or even by acquiring zinc from the world markets.

The Kokkola plant is one of

the biggest zinc smelters in Europe with an annual capacity of 170,000 tonnes.

The news helped to firm zinc prices on the London Metal Exchange, yesterday. The high grade cash price closed \$16.50 up at \$1,659 a tonne, while special high grade gained \$2.50 to \$1,677.50 a tonne.

WORLD COMMODITIES PRICES

Large table containing various commodity price listings including LONDON MARKETS, COCOA, LONDON METAL EXCHANGE, POTATOES, LONDON BULLION MARKET, US MARKETS, CRUDE OIL, SILVER, COPPER, GOLD, and various other metals and agricultural products.



LONDON STOCK EXCHANGE

Equities continue to move ahead

The London equity market continued to make progress yesterday, moving ahead for the fourth consecutive session. But a closing 1.5 improvement in the FT-SE 100-share index to 1898.0, was only achieved after a struggle which lasted throughout a difficult trading session.

Accounting Deadline
Vireo Engineering Jan 18 Jan 30
Optiva Development Jan 12 Jan 27
Last Dealings Jan 27 Feb 10
Account Date Feb 6 Feb 20

sector, one of the market's biggest arenas, contracted substantially as Monday's bid fever cooled down significantly. The opening falls in top shares were viewed with disappointment by traders who pointed to the latest strong showing by the Tokyo market and Wall Street's overnight climb. But sentiment took a distinct turn for the better as dealers picked up the scent of a market raid in the property sector. Brokers EZW, acting on behalf of Standard Life Assurance, moved in and successfully bid for 5.7m shares in Hammerson at £11 share, taking their stake in the property group up from 18 per cent to 28.8 per cent.

28.8 per cent. Hammerson is currently under siege from the Dutch group, Rodamco. The raid immediately triggered a flurry of interest in other property stocks as well as so-called takeover targets, including United Biscuits, George Wimpey, Dixons, De la Rue, and, in late trading, Hillsdown. The burst of enthusiasm was extended to the mid-afternoon when the FT-SE reached the day's best level and showed a gain of just over six points, helped by an opening advance from Wall Street. The Dow Jones Average posted an opening rise of some five points but ran into a bout of turbulence which saw

the index tumble by around 10 points as the London market closed. Stories circulating in London of a US bank in trouble were quickly discounted. The London market has enjoyed a strong run since Christmas. A bout of profit-taking as the account draws to a close at the end of the week will do no harm at all, observed one senior market maker. Turnover came out at 566.9m shares, only slightly down on Monday's figure of 591.4m. The Dow Jones Average, which included the heavy activity in GEC, Ferranti and Plessey, and well up on last Friday's 458.2m. Banks also featured.

Further doubts on GEC bids

The controversy aroused by a possible consortium bid for GEC rumbled on yesterday with GEC shares drifting back on persistent selling pressure to close at 1 1/4 off at 219 1/2p, after 1 1/4p, in turnover of 13m.

Reports of bids eventually emerging for the UK's biggest electronics group drew widespread media comment and the almost unanimous view that any offers would immediately attract attention to the Monopolies & Mergers Commission (MMC).

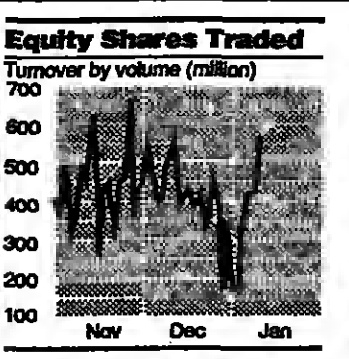
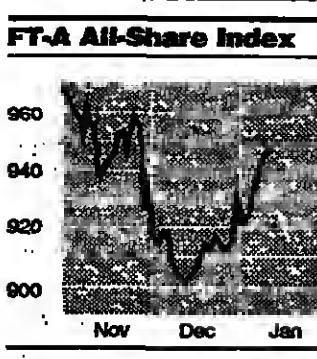
Commenting on developments at GEC/Siemens/Plessey and the chances of a Matsuo offer, County NatWest Wood-Mac's Mr Patrick Wellington said: "Even if Matsuo does make an offer for GEC, it looks almost certain that the bid will be referred to the MMC."

adding, however, that "the possible bid once again highlights both the chances of realignment of UK electronics and the degree of European interest in the sector."

Mr Wellington said: "Research the electronics team observed that it was much more likely at the end of the day that the GEC-Siemens would acquire Plessey than that Matsuo would get GEC. Fleming's recommend clients to reduce holdings in GEC over 22p but hold their 'buy' on Plessey since we believe that GEC-Siemens will be successful and that the eventual takeover price for Plessey will be in the region of 27p (assuming no white knight materials in which case it could be higher). Plessey held at 23p after turnover of 3.1m.

Standard intercedes
Hammerson's hopes of seeing off Rodamco's hostile £1.3bn bid improved substantially when Standard Life Assurance bought 5.7m ordinary shares at £11 in early morning trading. The unexpected raid - which took brokers Barclays de Zoete Wedd just 3 minutes to execute - increased Standard's stake in the UK group to 28.8 per cent, and was accompanied by a firm rejection of Rodamco's bid.

Enterprise bought
Enterprise continued to dominate oil exploration issues. The shares rallied 16 more to 510p as the market came round to the view that the current buying interest was probably from institu-



form last summer, gained a penny to 114p after reporting a near 25 per cent improvement in interim profits to 56.07m. Another group with strong sales performance, Eam, continued to attract speculative buyers, and the shares closed 5 better at 152p.

The excitement generated in the electronics sector by the GEC/Plessey saga tended to fade. Ferranti edged up to 108 1/2p on turnover of 3.5m - "disappointing" said one dealer, while interest among the other front-line issues bore no comparison to that on Monday.

Amstrad dipped late in the day to close 4 off at 168p, albeit in very thin trade. The group was subject to a similar technical situation and rose 6 to 253p, while Laird rushed ahead late to end 12 up at 220p.

Hillsdown were well supported among food stocks, climbing 12 to 251p on talk that the Kuwaiti investors were using some of its money from the sale of its holding in BP to add to its existing 8 per cent stake in Hillsdown. A revival of bid interest helped United Biscuits add 10 to 334p on turnover of over 8m shares.

A bear squeeze in selected issues saw Bassett Foods regain 6 to 289p, while 50p and Williams Law 3 to 242p. Supermarket concern Asda weakened 4 to 154p after two broking houses downgraded their profits forecasts for the group.

Unilever climbed 5 to 469p on news reports that it was negotiating to buy Fabergé, the US manufacturer of cosmetics. The news was confirmed from New York near the end of the day. One dealer said that, in addition, Unilever PLC shares were at a discount from Unilever NY in the Netherlands, and this was encouraging switching into the British arm.

British Aerospace rose 16 to 462p on volume of 2.1m. Dealers cited a shortage of stock, reports that Hoare Govett were keen on the stock, recent orders for Airbus and the strength of the dollar as reasons for the rise. Wellcome, which was also benefited from a strong dollar, rose 11 to 428p. Eurotunnel, which rose 50 on Monday, fell 25 to 668p as investors took profits.

Contrary to recent reports, Eurotunnel became a favourite among FT-Actuaries shares indices and not the FT-SE 100 share index. Pilkington rose 4 to 216p. One marketmaker said there was talk of a bid from BTR, of Hanson building a 4 per cent

Table titled 'NEW HIGHS AND LOWS FOR 1988/89' listing various stocks and their performance metrics.

Table titled 'NEW HIGHS AND LOWS FOR 1988/89' listing various stocks and their performance metrics.

APPOINTMENTS

Ash & Lacy chairman

Mr David Fletcher, group managing director, becomes chairman and chief executive of Ash & Lacy following the retirement of Mr Fane Vercaut on January 16. Mr Peter Robinson, managing director of Ash & Lacy Perfumers, has joined the main board; and Mr Norman Askew, managing director of TI Group's specialised tube business, becomes a non-executive director.

Mr David Fletcher, chairman of Ash & Lacy.

Mr Courtney Cornish as assistant managing director. He was a director of sister company, Trollope & Colls City.

president at August International. Mr Acornley was financial director of the Kingsgrange subsidiary, Jean Sorella.

Mr John Brown, finance director and company secretary, has been appointed corporate director and continues as group secretary at BERNARD MATTHEWS.

National Commercial Bank. He will become secretary of the corporation on February 22, following the annual meeting. Mr John Scott has been appointed finance director and secretary, and Mr Michael New becomes director of management information services on the board of First National Bank.

Mr Raymond D. Streeter has been appointed to the board, and Mr Roger Govis becomes deputy underwriter at TOLSON O'LEARY UNDERWRITING MANAGEMENT COMPANY.

F.J.C. LILLEY, Glasgow, has appointed Mr Derek B.H. Walker as managing director of Lilley Developments. He was director and general manager of Balfour Beatty Homes.

Mr Jeffrey Morgan has been made finance director of the CERT SERVICES GROUP. He was with the system line division of Federal Express.

Mr Victor Green has been appointed chairman of KEY BUSINESS FINANCE CORPORATION. He was chairman of ISSSBC. Mr Nicholas L. Edwards has been appointed business development manager in the asset finance division. He was with the southern industrial division of Chartered Trust.

Mr Philip Goodwin has been appointed local director for the north eastern area of 3i.

Mr David Singleton has been appointed managing director of ABC's UK aggregates operations. He was group marketing and development director, and succeeds Mr Frank Clifford who has retired.

The RAINFORD GROUP has appointed Mr Richard P. Wood as its sales and marketing director and Mr John K. Acornley financial director. Mr Wood was Northern European vice

Mr Keith Dalwood has been appointed group treasurer and an associate of FIRST NATIONAL FINANCE CORPORATION, and has been appointed to the board of First

Dr Kenneth S. Warren has been appointed director for science in the MAXWELL GROUP, dividing his time between London and New York. He was associate vice president for molecular biology and information sciences at the Rockefeller Foundation, New York.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for Government Secs, Fixed Interest, Ordinary, Gold Mines, and S.E. ACTIVITY. Includes columns for Jan 9, Jan 10, Jan 11, Jan 12, Jan 13, Jan 14, Jan 15, Jan 16, Jan 17, Jan 18, Jan 19, Jan 20, Jan 21, Jan 22, Jan 23, Jan 24, Jan 25, Jan 26, Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, Feb 1, Feb 2, Feb 3, Feb 4, Feb 5, Feb 6, Feb 7, Feb 8, Feb 9, Feb 10, Feb 11, Feb 12, Feb 13, Feb 14, Feb 15, Feb 16, Feb 17, Feb 18, Feb 19, Feb 20, Feb 21, Feb 22, Feb 23, Feb 24, Feb 25, Feb 26, Feb 27, Feb 28, Feb 29, Feb 30, Mar 1, Mar 2, Mar 3, Mar 4, Mar 5, Mar 6, Mar 7, Mar 8, Mar 9, Mar 10, Mar 11, Mar 12, Mar 13, Mar 14, Mar 15, Mar 16, Mar 17, Mar 18, Mar 19, Mar 20, Mar 21, Mar 22, Mar 23, Mar 24, Mar 25, Mar 26, Mar 27, Mar 28, Mar 29, Mar 30, Mar 31, Apr 1, Apr 2, Apr 3, Apr 4, Apr 5, Apr 6, Apr 7, Apr 8, Apr 9, Apr 10, Apr 11, Apr 12, Apr 13, Apr 14, Apr 15, Apr 16, Apr 17, Apr 18, Apr 19, Apr 20, Apr 21, Apr 22, Apr 23, Apr 24, Apr 25, Apr 26, Apr 27, Apr 28, Apr 29, Apr 30, May 1, May 2, May 3, May 4, May 5, May 6, May 7, May 8, May 9, May 10, May 11, May 12, May 13, 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Main table of unit trust information with columns for company name, unit price, and other financial metrics. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

INSURANCES section containing details for various insurance policies and providers.

Continuation of unit trust information table, including details for various investment funds and their performance metrics.

Continued on next page



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Main table containing unit trust information with columns for Name, Price, and other details. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY AUTHORISED'.

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FT UNIT TRUST INFORMATION SERVICE

Main table for FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

OTHER OFFSHORE FUNDS

Table listing other offshore funds, including names and key performance indicators.

LONDON SHARE SERVICE

Table for London Share Service, containing sections for British Funds, Foreign Bonds & Rails, and Americans, with detailed financial data.

Table for Money Market Trust Funds, listing various trust funds and their performance metrics.

Table for Money Market Bank Accounts, listing bank accounts and their associated interest rates and terms.



LONDON SHARE SERVICE

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AMERICANS - Contd

Table with columns: Stock, Price, Div, Yield, etc. for American companies.

CANADIANS

Table with columns: Stock, Price, Div, Yield, etc. for Canadian companies.

BANKS, HP & LEASING

Table with columns: Stock, Price, Div, Yield, etc. for banks and leasing companies.

HIRE PURCHASE, LEASING, etc.

Table with columns: Stock, Price, Div, Yield, etc. for hire purchase and leasing companies.

BEERS, WINES & SPIRITS

Table with columns: Stock, Price, Div, Yield, etc. for beer, wine, and spirit companies.

BUILDING, TIMBER, ROADS

Table with columns: Stock, Price, Div, Yield, etc. for building, timber, and road companies.

BUILDING, TIMBER, ROADS - Contd

Table with columns: Stock, Price, Div, Yield, etc. for building, timber, and road companies (continued).

CHEMICALS, PLASTICS

Table with columns: Stock, Price, Div, Yield, etc. for chemical and plastic companies.

DRAPERY AND STORES

Table with columns: Stock, Price, Div, Yield, etc. for drapery and store companies.

INSURANCES

Table with columns: Stock, Price, Div, Yield, etc. for insurance companies.

LEISURE

Table with columns: Stock, Price, Div, Yield, etc. for leisure companies.

ELECTRICALS

Table with columns: Stock, Price, Div, Yield, etc. for electrical companies.

ENGINEERING - Contd

Table with columns: Stock, Price, Div, Yield, etc. for engineering companies (continued).

HOTELS AND CATERERS

Table with columns: Stock, Price, Div, Yield, etc. for hotel and catering companies.

INDUSTRIALS (Miscel.)

Table with columns: Stock, Price, Div, Yield, etc. for miscellaneous industrial companies.

ENGINEERING - Contd

Table with columns: Stock, Price, Div, Yield, etc. for engineering companies (continued).

FOOD, GROCERIES, ETC

Table with columns: Stock, Price, Div, Yield, etc. for food and grocery companies.

INDUSTRIALS (Miscel.)

Table with columns: Stock, Price, Div, Yield, etc. for miscellaneous industrial companies.

INDUSTRIALS (Miscel.) - Contd

Table with columns: Stock, Price, Div, Yield, etc. for miscellaneous industrial companies (continued).

INDUSTRIALS (Miscel.)

Table with columns: Stock, Price, Div, Yield, etc. for miscellaneous industrial companies.

INDUSTRIALS (Miscel.) - Contd

Table with columns: Stock, Price, Div, Yield, etc. for miscellaneous industrial companies (continued).

INDUSTRIALS (Miscel.)

Table with columns: Stock, Price, Div, Yield, etc. for miscellaneous industrial companies.

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LEISURE - Contd

Table of share prices for Leisure sector including companies like British Airways, British Airways PLC, and others.

PROPERTY

Table of share prices for Property sector including companies like British Land, British Land PLC, and others.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like British Textiles, British Textiles PLC, and others.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land sector including companies like British Trustee, British Finance, and others.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like British Petroleum, British Gas, and others.

MINES - Contd

Table of share prices for Mines sector including companies like British Coal, British Steel, and others.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades sector including companies like British Airways, British Airways PLC, and others.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector including companies like British Leyland, British Leyland PLC, and others.

Companys

Table of share prices for various companies including British Airways, British Airways PLC, and others.

Garages and Distributors

Table of share prices for Garages and Distributors sector including companies like British Airways, British Airways PLC, and others.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers sector including companies like British Airways, British Airways PLC, and others.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising sector including companies like British Airways, British Airways PLC, and others.

Investment Trusts

Table of share prices for Investment Trusts sector including companies like British Airways, British Airways PLC, and others.

Finance, Land, etc

Table of share prices for Finance, Land, etc sector including companies like British Airways, British Airways PLC, and others.

Oil and Gas

Table of share prices for Oil and Gas sector including companies like British Airways, British Airways PLC, and others.

Mines

Table of share prices for Mines sector including companies like British Airways, British Airways PLC, and others.

Far West Rand

Table of share prices for Far West Rand sector including companies like British Airways, British Airways PLC, and others.

Central African

Table of share prices for Central African sector including companies like British Airways, British Airways PLC, and others.

Finance

Table of share prices for Finance sector including companies like British Airways, British Airways PLC, and others.

Australians

Table of share prices for Australians sector including companies like British Airways, British Airways PLC, and others.

IRISH

Table of share prices for IRISH sector including companies like British Airways, British Airways PLC, and others.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like British Airways, British Airways PLC, and others.

Industrials

Table of share prices for Industrials sector including companies like British Airways, British Airways PLC, and others.

Property

Table of share prices for Property sector including companies like British Airways, British Airways PLC, and others.

Oils

Table of share prices for Oils sector including companies like British Airways, British Airways PLC, and others.

TOBACCO

Table of share prices for Tobacco sector including companies like British Airways, British Airways PLC, and others.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land sector including companies like British Airways, British Airways PLC, and others.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like British Airways, British Airways PLC, and others.

PLANTATIONS

Table of share prices for Plantations sector including companies like British Airways, British Airways PLC, and others.

Teas

Table of share prices for Teas sector including companies like British Airways, British Airways PLC, and others.

MINES

Table of share prices for Mines sector including companies like British Airways, British Airways PLC, and others.

Central Rand

Table of share prices for Central Rand sector including companies like British Airways, British Airways PLC, and others.

Eastern Rand

Table of share prices for Eastern Rand sector including companies like British Airways, British Airways PLC, and others.

Far West Rand

Table of share prices for Far West Rand sector including companies like British Airways, British Airways PLC, and others.

Central African

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Finance

Table of share prices for Finance sector including companies like British Airways, British Airways PLC, and others.

Australians

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IRISH

Table of share prices for IRISH sector including companies like British Airways, British Airways PLC, and others.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land sector including companies like British Airways, British Airways PLC, and others.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like British Airways, British Airways PLC, and others.

MINES - Contd

Table of share prices for Mines sector including companies like British Airways, British Airways PLC, and others.

Far West Rand

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Table of share prices for Traditional Options sector including companies like British Airways, British Airways PLC, and others.

Industrials

Table of share prices for Industrials sector including companies like British Airways, British Airways PLC, and others.

Property

Table of share prices for Property sector including companies like British Airways, British Airways PLC, and others.

Oils

Table of share prices for Oils sector including companies like British Airways, British Airways PLC, and others.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like British Airways, British Airways PLC, and others.

PLANTATIONS

Table of share prices for Plantations sector including companies like British Airways, British Airways PLC, and others.

Teas

Table of share prices for Teas sector including companies like British Airways, British Airways PLC, and others.

MINES

Table of share prices for Mines sector including companies like British Airways, British Airways PLC, and others.

Central Rand

Table of share prices for Central Rand sector including companies like British Airways, British Airways PLC, and others.

Eastern Rand

Table of share prices for Eastern Rand sector including companies like British Airways, British Airways PLC, and others.

Far West Rand

Table of share prices for Far West Rand sector including companies like British Airways, British Airways PLC, and others.

Central African

Table of share prices for Central African sector including companies like British Airways, British Airways PLC, and others.

Finance

Table of share prices for Finance sector including companies like British Airways, British Airways PLC, and others.

Australians

Table of share prices for Australians sector including companies like British Airways, British Airways PLC, and others.

IRISH

Table of share prices for IRISH sector including companies like British Airways, British Airways PLC, and others.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like British Airways, British Airways PLC, and others.

Industrials

Table of share prices for Industrials sector including companies like British Airways, British Airways PLC, and others.

THIRD MARKET

Table of share prices for Third Market sector including companies like British Airways, British Airways PLC, and others.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. An Alpha, Beta, Gamma, Delta, Epsilon, or F rating is given to securities which are in the top, second, third, fourth, fifth, or sixth quartile of the market respectively. Estimated price/earnings ratios and other data are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E ratios are calculated on "net" distribution basis, earnings per share being computed on the basis of the total number of shares in issue. Where applicable, bracketed figures indicate 10 per cent or more difference in the "gross" or "net" distribution basis. Where the difference is more than 10 per cent, the "gross" or "net" distribution basis is indicated. Where the difference is more than 10 per cent, the "gross" or "net" distribution basis is indicated. Where the difference is more than 10 per cent, the "gross" or "net" distribution basis is indicated.

REGIONAL & IRISH STOCKS

The following is a list of Regional and Irish stocks, the latter being quoted in Irish currency.

TRADITIONAL OPTIONS

3-month call rates

Industrials

Table of share prices for Industrials sector including companies like British Airways, British Airways PLC, and others.

Property

Table of share prices for Property sector including companies like British Airways, British Airways PLC, and others.

Oils

Table of share prices for Oils sector including companies like British Airways, British Airways PLC, and others.

Mines

Table of share prices for Mines sector including companies like British Airways, British Airways PLC, and others.

FINANCIAL SERVICES

Table of share prices for Financial Services sector including companies like British Airways, British Airways PLC, and others.

TELECOMS

Table of share prices for Telecoms sector including companies like British Airways, British Airways PLC, and others.

UTILITIES

Table of share prices for Utilities sector including companies like British Airways, British Airways PLC, and others.

CONSUMER SERVICES

Table of share prices for Consumer Services sector including companies like British Airways, British Airways PLC, and others.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar maintains firmer trend

THE DOLLAR broke through resistance levels against the D-Mark yesterday despite further intervention by central banks. The firmer tone developed towards the end of trading in Europe, with Bundesbank sales of \$40m at Frankfurt fixing perceived as more of a smoothing operation rather than an attempt to halt the dollar's rise.

Early trading in London saw the US unit improve from a weaker start, gaining strength from high US interest rates and an unchanged fixed rate of 5 p.c. at the Bundesbank's latest sale and repurchase tender. The dollar edged up during the morning to touch DM1.8270 - the level which attracted central bank intervention on Monday before easing back to around DM1.8230.

However, renewed buying after the start of business in New York pushed the US unit through DM1.83 and prompted the US Federal Reserve to intervene at around DM1.8315. Once again, the Fed's intervention involved relatively modest amounts.

Underlying dollar sentiment has been boosted by comments from Mr Wayne Angell, a US Federal Reserve Board governor, suggesting that the Fed may tolerate a firmer dollar as the US authorities use higher interest rates to control economic growth and inflation.

The dollar rose to DM1.8360, its best level for three months, and up from DM1.8280 on Monday. It was also firmer against the Swiss franc at SF1.5645 and FF16.2550 compared with FF16.2300. On Bank of England figures, the dollar's exchange rate index was unchanged at 65.5.

The Japanese yen moved against the trend, improving against the dollar, and rising to record levels against the D-Mark. The latter fell below a key support level at Y89.00 to finish at Y88.79, down from Y89.17 on Monday. The strength of the yen took investors by surprise. Many had expected a period of consolidation after the death of Emperor Hirohito, but the yen's underlying strength encouraged renewed buying. The dollar slipped to Y126.30 from Y126.45. Sterling remained on the sidelines but moved up in line with a stronger dollar. It was barely changed against the US unit at \$1.7640 from \$1.7638, but improved against the D-Mark to equal its best closing level since last August, finishing at DM3.2375 compared with DM3.2225 on Monday.

It was weaker against the yen at Y222.75 from Y223.00, but rose elsewhere to SF12.7600 from SF12.7450, and FF11.0325 from FF10.9875. On Bank of England figures, the pound's exchange rate index was up 92.2, unchanged from Monday's close.

Sterling faces stiff resistance at DM3.2400, but the current yield advantage enjoyed by holding sterling denominated paper may be enough to encourage investors to test this level.

The French franc benefited from the D-Mark's softer tone, the latter falling to FF4.0770 from FF4.0800. However, some traders remain cautious. The D-Mark remains supported by strong economic factors, and it is only the current strength of the dollar which is easing pressure on the franc and other weak members of the European Monetary System.

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FINANCIAL FUTURES

Sterling & dollar contracts up

THERE WAS a hint of nervousness in London's financial markets, at the visit of Mr Nigel Lawson, the Chancellor, to Washington yesterday. Dealers were left to wonder why Mr Lawson found it necessary to make such a short visit to the US, since he is chairing a meeting of NEDO in London this morning.

Monday's UK economic data were considered reasonably encouraging. In the absence of major economic news in the near future dealers suggested that sterling interest rate futures appear to be technically strong.

March long gilt futures showed an upward trend on Liffe, rising to 95.17 from 95.09, amid improving sentiment and speculation that the contract could reach 96.00.

Short sterling futures held above a technical resistance point of 87.10. Trading was reasonably active but the March contract remained in a narrow trading range of 87.11 to 87.19, before closing at 87.09 on Monday.

US Treasury bond futures were also firm, boosted by short covering and the strength of the dollar.

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EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Country, Currency, Unit, and Rate. Includes entries for Belgium, France, Germany, Italy, Netherlands, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns for Term, Bid, Ask, and Rate. Includes entries for 1 month, 3 months, 6 months, 12 months.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns for Country, Currency, Unit, and Rate. Includes entries for UK, Ireland, Canada, etc.

EURO-CURRENCY INTEREST RATES

Table with columns for Currency, Term, and Rate. Includes entries for Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns for Currency, Bid, Ask, and Rate. Includes entries for £/\$, £/DM, etc.

LONDON (LIFFE)

Table with columns for Contract, Bid, Ask, and Price. Includes entries for 20 Year, 10 Year, etc.

CHICAGO

Table with columns for Contract, Bid, Ask, and Price. Includes entries for U.S. Treasury, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Bid, Ask, and Price. Includes entries for GOLD, etc.

BASE LENDING RATES

Table with columns for Bank, Rate, and Term. Includes entries for ABN, AAB, etc.

LONDON MONEY RATES

Table with columns for Term, Bid, Ask, and Rate. Includes entries for Overnight, 7 days, etc.

NEW YORK

Table with columns for Term, Bid, Ask, and Rate. Includes entries for Overnight, 1 month, etc.

FT LONDON INTERBANK FIXING

Table with columns for Term, Bid, Ask, and Rate. Includes entries for 3 months, 6 months, etc.

MONEY RATES

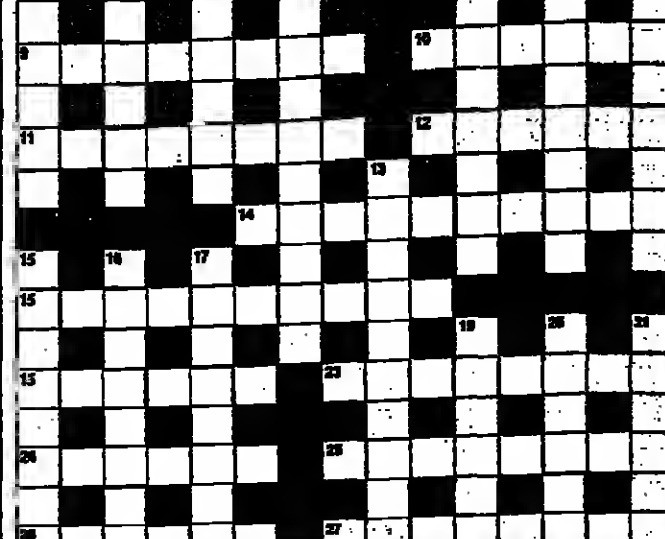
Table with columns for Term, Bid, Ask, and Rate. Includes entries for Prime rate, Fed funds, etc.

BASE LENDING RATES

Table with columns for Bank, Rate, and Term. Includes entries for ABN, AAB, etc.

CROSSWORD

No.6,831 Set by HIGHLANDER



- 1 Title given by condition of being ball (6)
2 Women wear this to dance (5)
3 Is familiar with said strip: it's part of bible (8)
4 Ceremonious style in which sculpture is revealed (6)
5 Optical instrument with which to study barometer (8)
6 Architectural group put no date on award for achievement (6)
7 Non-British concoction contains cold and respiratory infection (10)
8 Saying 'It's earlier mate, and very urgent' (10)
9 Hairdresser cut produces frozen spikes (6)
10 Fighting man takes instruction - nothing else (3)
11 Make effort to grab bridge partners at back of throat (5)
12 System of measurement similar to Nero's Rula (8)
13 Assistance in connection with change of life (6)
14 Notice at 115, port National Trust supporter (8)
15 Delay; put further back (6)
16 Try to relieve temporarily, not completely; that's the truth (6)
17 I refuse to dance with extra (2-4)
18 Air Force chautauque? (10)
19 Not working correctly with out restrictions (8)
20 Tree can't adapt to theatrical interlude (8)
21 Does chaos remaining on top provide too much to take? (8)
22 In the dark, militarily retired, admitting naval leader (10)
23 Press and television nonsense - upper ceiling (8)
24 Work it round: variable loan, by choice (8)
25 Fell awkwardly inside; let out in perpetual torment (8)
26 'Morning, father' (in France it carries a charge) (8)
27 Eventually seen in back issue (2,4)
28 Two biblical characters sold as mixed bag (3,3)

SOLUTION TO PUZZLE NO. 6,830
SEAWARDS ABBEY
CROSSWORD
DOWN
1 Delay; put further back (6)
2 Try to relieve temporarily, not completely; that's the truth (6)
3 I refuse to dance with extra (2-4)

JOTTER PAD

Blank area for notes or calculations.

COMPANY NOTICES

NATIONAL BANK OF CANADA
US\$ 50,000,000
Floating Rate Note due 1991
In accordance with the Terms and Conditions of the Note, notice is hereby given that for the interest period from January 1, 1989 to July 10, 1989, the Note will carry an interest rate of 9 1/4% per annum.

Chemical New York Corporation
US\$ 250,000,000 Floating Rate Note due 1991
In accordance with the Terms and Conditions of the Note, notice is hereby given that for the interest period from January 1, 1989 to July 10, 1989, the Note will carry an interest rate of 9 1/4% per annum.

LEIRN INTERNATIONAL
INVESTMENTS N.V.
US\$ 100,000,000 Floating Rate Note due 1991
In accordance with the Terms and Conditions of the Note, notice is hereby given that for the interest period from January 1, 1989 to July 10, 1989, the Note will carry an interest rate of 9 1/4% per annum.

CASSA DI RISPARMIO DELLE
PROVINCE LOMBARDE
LONDON BRANCH
Japanese Yen 10,000,000,000
Floating Rate Depositary Receipts due 1993
In accordance with the terms and conditions of the Receipts, notice is hereby given that for the interest period from January 1, 1989 to July 10, 1989, the Receipts will carry an interest rate of 9 1/4% per annum.

LEGAL NOTICE
No. 00875 of 1988
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
EVERETT LIMITED
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN THAT THE ORDER of the High Court of Justice, Chancery Division, dated the 19th December 1988 confirming the liquidation of the above-named company in pursuance of the above-mentioned Companies Act 1985 is hereby confirmed by the Registrar of Companies on 28th December 1988.

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WORLD STOCK MARKETS

Main table of world stock markets including sections for Austria, France, Germany, Italy, Spain, Switzerland, and Japan. Each section lists various stocks with their prices and changes.

Table for Toronto 2pm prices January 10, listing various Canadian stocks and their market performance.

Table for New York Dow Jones indices, showing various market indices and their values.

Table for Tokyo - Most Active Stocks, listing the top performing stocks in the Tokyo market.

Advertisement for 'ON BUSINESS IN LUXEMBOURG?' featuring the Hotel Cravat and Hotel President.

Large advertisement for 'Your FT hand delivered in Germany' by Financial Times, offering 12 issues free.







NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, and Close prices.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices January 10

Table of Over-the-Counter prices listing various stocks with columns for High, Low, and Close prices.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, and Close prices.

Advertisement for 'Travelling by air on business?' featuring a logo and text about complimentary copies of the Financial Times.

Table of AMEX Composite Prices (continued) listing various stocks with columns for High, Low, and Close prices.

Advertisement for 'Travelling by air on business?' featuring a logo and text about complimentary copies of the Financial Times.



AMERICA

Dow dips after brief trek above 2,200 level

Wall Street

THE MAGIC 2,200 level on the Dow Jones Industrial Average proved to be a substantial obstacle to a further advance in the equity market yesterday, writes Janet Bush in New York.

The 5.17 point gain on Monday was the fourth successive rise in the Dow to new post-crash closing highs, but each advance was more difficult than the last and the market's momentum appeared yesterday to have run out of steam.

Mr Newton Zinder, technical analyst at Shearson Lehman Hutton, noted that it was only a late rebound on Monday that had kept other market indices from ending in negative territory.

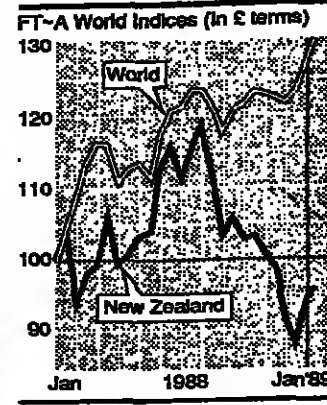
below its post-crash high of 283.66 on October 21, 1988. There were several substantial stock movements. Ogilvy Group added 1 1/4% in over-the-counter trading to \$82, continuing a sharp rise this week on takeover speculation.

Canada MODERATE trading left Toronto lower at mid-session, as industrial and base metal stocks eased following a decline in the nickel price in London.

New zeal for Wellington conceals economic woes

A good start this year has not eliminated concern over 1988's worst performer, writes Dai Hayward

THE NEW Zealand stock market, last year's worst performer, has entered 1989 on a slightly more upbeat note.



Each time the market appeared to be recovering from confidence-sapping announcements, another occurred.

their savings for retirement. Ongoing revelations of insider trading and questionable inter-company deals also deterred small investors.

With small investors frightened away, the market has been forced to turn to large institutions, insurance companies and pension funds to maintain market activities.

ASIA PACIFIC

Defence issues lead Nikkei to another high

Tokyo

THE BUYING fervour in Japanese equities continued unabated yesterday, the second day of trading since the death of Emperor Hirohito, with the Nikkei average rising to record levels two days running, writes Michiko Nakamoto in Tokyo.

the 2,000 stage, adding 2.68 to 2,000.41. There was very little to dampen the tremendous energy that has surfaced in the market in the past two days.

Trading companies were bought on expectations that better trade relations with communist countries would boost earnings. Two trading companies showed in the top 10 volumes list.

York, London and Tokyo. AUSTRALIA saw the All Ordinaries index climb above 1,500 for the first time since November 25 on improved sentiment, switching from options and a shortage of scrip.

HONG KONG surged to a post-crash peak for the second day running on the back of Tokyo's strength as heavy buying offset broad selling.

EUROPE

Smaller bourses take up the pace

IT WAS a mixed bag in Europe yesterday, as Sweden, Norway, Belgium and Italy broke barriers, while Germany and France continued to consolidate, writes Our Markets Staff.

night lending rate but bulls on the market say the improved outlook for prices, the scrapping of the share turnover tax and very low price earnings ratios have made it a good buy in Europe.

exporting stocks were among the day's losers. Blue chips that had featured in the advance also led the downturn. Banks were unsettled by the rate worries.

indicator showed a drop of 0.44 per cent at the close. Neolloyd was target before today's extraordinary general meeting by Holland America Lines and it rose FI 4.50 to FI 272.

Table with columns: NATIONAL AND REGIONAL MARKETS, MONDAY JANUARY 9 1989, FRIDAY JANUARY 6 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Pacific Ex, World Ex, World Ex. So. Af., World Ex. Japan.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$ index), 114.42 (Pound Sterling) and 123.18 (Local). Copyright: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987. Latest prices were unavailable for this edition.

SOUTH AFRICA

GROWING optimism and a shortage of stock kept Johannesburg moving higher. Gold shares firmed as the bullion price rose slightly, with Vaal Reef up R5.50 to R268.50.

Royal Insurance advertisement. Features the Royal Coat of Arms, the text 'ROYAL INSURANCE £250,000,000 FULLY COMMITTED REVOLVING CREDIT FACILITY', and a list of member banks including Barclays de Zoete Wedd Limited, Commerzbank Aktiengesellschaft, Midland Montagu Corporate Banking, etc.

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